

NEW AND REFUNDING ISSUES; BOOK-ENTRY ONLY

RATINGS: Moody's: Aaa

S&P: AAA

Fitch: AAA



(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel to the County, under existing law and assuming compliance by the County with certain covenants described herein, interest on the Bonds is excludable from gross income for federal and South Carolina income tax purposes. Bond Counsel is of the further opinion that interest on the Bonds will not be treated as an item of preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it is noted, however, that interest on the Bonds will be taken into account in determining adjusted current earnings for the purposes of computing the alternative minimum tax imposed on corporations. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Bonds. See "LEGAL MATTERS - Tax Treatment" herein for additional information regarding the tax status of interest on the Bonds.

\$212,495,000*

**CHARLESTON COUNTY, SOUTH CAROLINA
GENERAL OBLIGATION BONDS
SERIES 2017**

\$103,175,000*

**GENERAL OBLIGATION CAPITAL
IMPROVEMENT BONDS, SERIES 2017A**

\$15,705,000*

**GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017B**

\$93,615,000*

**GENERAL OBLIGATION TRANSPORTATION SALES TAX
REFUNDING BONDS, SERIES 2017C**

Dated: Date of Delivery

Due: November 1, as shown below

THE BONDS ARE SECURED BY AN IRREVOCABLE PLEDGE OF THE FULL FAITH, CREDIT, AND TAXING POWER OF CHARLESTON COUNTY, SOUTH CAROLINA, AND ARE PAYABLE FROM AN ANNUAL TAX, WITHOUT LIMIT AS TO RATE OR AMOUNT, ON ALL TAXABLE PROPERTY IN CHARLESTON COUNTY SUFFICIENT TO PAY PRINCIPAL AND INTEREST AS THEY RESPECTIVELY MATURE.

Charleston County, South Carolina (the "County") is issuing its \$103,175,000* General Obligation Capital Improvement Bonds, Series 2017A (the "Series 2017A Bonds"), its \$15,705,000* General Obligation Refunding Bonds, Series 2017B (the "Series 2017B Bonds"), and its \$93,615,000* General Obligation Transportation Sales Tax Refunding Bonds, Series 2017C (the "Series 2017C Bonds," and together with the Series 2017A Bonds and the Series 2017B, collectively the "Bonds") for the purposes of (i) providing financing for certain capital improvement projects; (ii) advance refunding certain outstanding general obligation bonds of the County for debt service savings; and (iii) paying costs of issuance of the Bonds. See "THE BONDS – Plan of Finance" herein.

Principal of the Bonds is payable at the corporate trust office of Wells Fargo Bank N.A. in Atlanta, Georgia (the "Paying Agent"). Interest on the Bonds payable May 1 and November 1, beginning May 1, 2018, for interest accruing from the date of delivery, is payable to the registered owner thereof by the Paying Agent. The Bonds will be issued in fully-registered form in denominations of \$5,000 or any integral multiple thereof and will initially be registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as a securities depository for the Bonds. The Bonds will be available to purchasers under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC participants. Purchasers will not be entitled to receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Bond. See "APPENDIX E – DTC AND BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds maturing after November 1, 2027, are subject to redemption prior to their maturity at the option of the County as described herein at "INTRODUCTION - Optional Redemption."

The Bonds will bear interest at rates to be named by the successful bidders in accordance with the Official Notices of Sale for each Series of Bonds. Electronic bids for the purchase of the Series 2017A Bonds in accordance with the Official Notice of Sale will be received until 10:30 a.m. EST, Thursday, November 16, 2017. Electronic bids for the purchase of the Series 2017B Bonds in accordance with the Official Notice of Sale will be received until 11:00 a.m. EST, Thursday, November 16, 2017. Electronic bids for the purchase of the Series 2017C Bonds in accordance with the Official Notice of Sale will be received until 12:00 Noon EST, Thursday, November 16, 2017. All bids must be submitted by the Bidcomp/PARITY Competitive Bidding System.

This cover page contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as, and if issued and accepted by the Underwriters, subject to the approving opinion as to legality of Howell Linkous & Nettles, LLC, Charleston, South Carolina, Bond Counsel and Disclosure Counsel to the County. Certain legal matters will be passed on for the County by Joseph Dawson, III, Esq., Charleston County Attorney, Charleston, South Carolina. First Tryon Advisors, Charlotte, North Carolina, has served as financial advisor to the County. It is expected that the Bonds in definitive form will be available for delivery on or about November 30, 2017, through the facilities of DTC.

Dated: _____, 2017

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. The Bonds may not be sold nor may offers be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

MATURITY SCHEDULES

\$103,175,000*

**CHARLESTON COUNTY, SOUTH CAROLINA
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS
SERIES 2017A**

<u>Due</u> <u>November 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
2018	\$ 6,015,000			
2019	2,235,000			
2020	2,475,000			
2021	2,730,000			
2022	2,990,000			
2023	3,280,000			
2024	3,580,000			
2025	3,905,000			
2026	4,240,000			
2027	4,605,000			
2028	4,985,000			
2029	5,360,000			
2030	5,725,000			
2031	6,115,000			
2032	6,520,000			
2033	6,910,000			
2034	7,285,000			
2035	7,665,000			
2036	8,070,000			
2037	8,485,000			

* Preliminary, subject to change.

† CUSIP, as used herein, is a copyrighted symbol of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed on the cover page are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the County makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

\$15,705,000*
CHARLESTON COUNTY, SOUTH CAROLINA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2017B

<u>Due</u> <u>November 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†]
2022	\$1,250,000			
2023	1,315,000			
2024	1,380,000			
2025	1,450,000			
2026	1,525,000			
2027	1,600,000			
2028	1,680,000			
2029	1,765,000			
2030	1,835,000			
2031	1,905,000			

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\$93,615,000*
CHARLESTON COUNTY, SOUTH CAROLINA
GENERAL OBLIGATION TRANSPORTATION SALES TAX REFUNDING BONDS
SERIES 2017C

<u>Due</u> <u>November 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†]
2022	\$ 8,930,000			
2023	9,680,000			
2024	10,480,000			
2025	11,325,000			
2026	12,220,000			
2027	13,155,000			
2028	14,160,000			
2029	13,665,000			

* Preliminary, subject to change.

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For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by Charleston County, South Carolina (the “Issuer” or the “County”) from time to time (collectively, the “Preliminary Official Statement”), may be treated as an “Official Statement” with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the Issuer, except for the omission of certain information referred to in the succeeding paragraph.

The Preliminary Official Statement, when further supplemented by an addendum or addenda or final official statement specifying the interest rates of the Bonds, together with any other information permitted or required by law, shall constitute a “Final Official Statement” of the Issuer with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

By awarding a Series of Bonds to any underwriting syndicate submitting a bid pursuant to the terms of the Official Notice of Sale, the Issuer agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which such Series of Bonds is awarded copies of the Final Official Statement described in the preceding paragraph in the amount specified in the Official Notice of Sale.

The Issuer designates the senior managing underwriter of the syndicate to which each Series of Bonds is awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering a bid with respect to the Bonds agrees thereby that if its bid is accepted by the Issuer (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of such Series of Bonds for purposes of assuring the receipt by each Participating Underwriter of the Final Official Statement.

No dealer, broker, salesman, or other person has been authorised by the Issuer to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations may not be relied upon as having been authorised by the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. Certain information contained in the Preliminary Official Statement and the Final Official Statement may have been obtained from sources other than records of the Issuer and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE. NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE ORDINANCES OR OTHER PROCEEDINGS OF THE COUNTY BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. ADDITIONALLY, WHILE THE BONDS MAY BE EXEMPT FROM THE REGISTRATION AND QUALIFICATION PROVISIONS OF THE SECURITIES LAWS OF THE VARIOUS STATES, SUCH EXEMPTION CANNOT BE REGARDED AS A RECOMMENDATION OF THE BONDS. NEITHER THE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

Reference herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished on request.

CAUTIONARY STATEMENTS REGARDING
FORWARD-LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT

This Official Statement contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions. Such statements are generally identifiable by the use of the future tense or by terms such as “may,” “intend,” “will,” “expect,” “forecast,” “project,” “anticipate,” “estimate,” “plan,” “budget,” “believe,” “should,” “strategy,” “position,” or the negative of such terms or variations of such words or similar expressions. In particular, any statements, express or implied, concerning future operating results or the ability to generate tax revenues or cash flow to service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the County’s management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. Those forward-looking statements, including forecasts, projections, and estimates, are based on currently available information, expectations, estimates, assumptions, and projections and management’s judgment about the operations of the County government and general economic conditions. The forward-looking statements are not guarantees of future performance. Actual results may vary materially and adversely from what is contained in a forward-looking statement. Factors which may cause results different from those expected or anticipated include, among others, tightening of credit availability, changes in federal tax treatment of interest on governmental obligations, new legislation, natural disasters, the impact of weather on operating results, general economic and business conditions, demographic trends, the housing market, employment levels, changes in political, social, and economic conditions, impediments to the implementation of gap-closing actions, regulatory initiatives and compliance with governmental regulations, litigation, and various other events, conditions, and circumstances, many of which are beyond the control of the County. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially and adversely from any results indicated or suggested by those assumptions. Such forward-looking statements are included in, among other portions of this Official Statement.

In making such forward-looking statements, the County’s expectations are based on assumptions considered reasonable by the County. All such forward-looking statements, however, involve uncertainties and are qualified in their entirety by reference to factors both identified within this Official Statement and from publicly available sources that could cause the actual results of the County to differ materially and adversely from those contemplated in such forward-looking statements.

Any forward-looking statement speaks only as of the date such statement is made, and the County undertakes no obligation to update any forward-looking statement in this Official Statement to reflect events or circumstances after the date of this Official Statement or to reflect the occurrence of unanticipated events. New factors arise or emerge from time to time and it is not possible for the County to predict all of such factors, nor can it assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially and adversely from those contained in any forward-looking statement.

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SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained in this Official Statement and the Appendices hereto (collectively, the “Official Statement”). All capitalised terms not otherwise defined in the Summary Statement shall have the meanings ascribed to such terms elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement and no person is authorised to detach this Summary Statement from the Official Statement or otherwise use it without the entire Official Statement.

The Issuer

Charleston County is located in the southeastern part of South Carolina bordering on the Atlantic Ocean. Charleston is the third most populous county in South Carolina and ranks seventh according to landmass. Charleston County has developed into a business, financial, medical, and service center for the southeastern part of the State. The County is governed by the County Council of Charleston County. See “DESCRIPTION OF CHARLESTON COUNTY AND ITS SURROUNDING AREA” herein.

The Bonds

The Bonds are being issued in three series. The Series 2017A Bonds are to be issued in the initial principal amount of \$103,175,000*. The Series 2017B Bonds are to be issued in the initial principal amount of \$15,705,000*. The Series 2017C Bonds are to be issued in the initial principal amount of \$93,615,000*. The Bonds are being issued initially in book-entry only form in denominations of \$5,000 and integral multiples thereof. See “THE BONDS – Book-Entry Only System.”

Date of Issue

The Bonds will be initially dated and bear interest from their date of delivery.

Purpose of the Bonds

The Bonds are being issued for the purposes of (i) providing permanent financing for certain capital improvement projects; (ii) advance refunding certain outstanding general obligation bonds of the County for debt service savings; and (iii) paying costs of issuance of the Bonds. See “THE BONDS – Plan of Finance” herein.

Security and Source of Payment

The Bonds are general obligations of the County; and the full faith, credit, and taxing power of the County are irrevocably pledged to the payment of the principal and interest thereof. See “THE BONDS - Security for Bonds” herein.

The Series 2017C Bonds are also payable from and additionally secured by an irrevocable pledge of the net revenues from the transportation sales tax imposed in Charleston County.

Interest Payments

Interest on the Bonds is payable on May 1, 2018, and semi-annually thereafter on each May 1 and November 1.

Redemption Provisions

The Series 2017 Bonds maturing on or prior to November 1, 2027, are not subject to optional redemption prior to their maturity. The Series 2017 Bonds maturing after November 1, 2027, are subject to redemption on and after November 1, 2027, at the option of the County, in whole or in part at any time, and by lot as to Series 2017 Bonds or portions of Series 2017 Bonds within a maturity of a Series designated by the County (but only in integral multiples of \$5,000), at the redemption price of par plus accrued interest to the date fixed for redemption.

Delivery of Bonds

It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about November 30, 2017.

*Preliminary, subject to change.

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\$212,495,000*
CHARLESTON COUNTY, SOUTH CAROLINA
GENERAL OBLIGATION BONDS
SERIES 2017

\$103,175,000*
GENERAL OBLIGATION
CAPITAL IMPROVEMENT BONDS, SERIES 2017A

\$15,705,000*
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017B

\$93,615,000*
GENERAL OBLIGATION TRANSPORTATION SALES TAX
REFUNDING BONDS, SERIES 2017C

INTRODUCTION

General

This Official Statement of Charleston County, South Carolina (herein, the “County” or the “Issuer”), including the cover page and appendices, sets forth certain information concerning the County and its proposed \$103,175,000* General Obligation Capital Improvement Bonds, Series 2017A (the “Series 2017A Bonds”), its \$15,705,000* General Obligation Refunding Bonds, Series 2017B (the “Series 2017B Bonds”), and its \$93,615,000* General Obligation Transportation Sales Tax Refunding Bonds, Series 2017C (the “Series 2017C Bonds;” and together with the Series 2017A Bonds and the Series 2017B, collectively referred to herein as the “Bonds”), for all who may become holders thereof. This Introduction is only a brief description of the securities offered hereby. Any potential purchaser of the Bonds should make a full review of this entire Official Statement, as well as of the documents summarised or described herein. The information contained in this Introduction is qualified in its entirety by more complete information set forth elsewhere in this Official Statement. Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, such statements are set forth as such and not as representations of fact. No representation is made that any of the opinions or estimates will be realised.

Throughout the Official Statement, the terms “Issuer” and “County” refer to Charleston County as a political subdivision of the State of South Carolina, while the term “Charleston County” generally refers to Charleston County as a geographical area.

The County’s Fiscal Year is the twelve-month period beginning July 1 in each year and ending June 30 of the succeeding year. Reference herein to “Fiscal Year” or “FY” followed by a year designation means the Fiscal Year ended or ending June 30 of that year. For example, “Fiscal Year 2016” means the Fiscal Year ended June 30, 2016.

Charleston County and its Government

Charleston County is located on the southeastern coast of South Carolina, bordering on the Atlantic Ocean. It is the third most populous county in South Carolina based on its population of approximately 396,400. It encompasses an area of 945 square miles and contains 16 municipalities, including the City of Charleston, North Charleston, Mt. Pleasant, Kiawah Island, Seabrook Island, Sullivans Island, and Isle of Palms. The County is the successor to the Charleston District, one of the original districts created by the colonial government in 1769.

The County is responsible at the local level for activities involving public safety, welfare, health, assessment, billing and collection of property taxes, public works, mosquito control, solid waste management, judicial administration, voter registration, public defender assistance, libraries, planning and zoning administration, and veteran’s assistance. The County’s budgeted revenue for all funds for Fiscal Year 2018 is approximately \$230 million and the total assessed valuation of taxable property located within Charleston County is over \$3.6 billion. The legislative body of the County is a nine-member County Council (the “County Council”) elected from single-member districts for four-year staggered terms. Other elected officials, including the County Auditor, the County

*Preliminary, subject to change.

Treasurer, and the County Sheriff, are elected for four-year terms. The County Administrator, who is appointed by the County Council, administers the daily affairs of the County and carries out policies of the County Council. Department heads are appointed by the County Administrator.

For certain economic, demographic, and financial information with respect to the County and Charleston County, see “DESCRIPTION OF CHARLESTON COUNTY AND ITS SURROUNDING AREA,” “CERTAIN FISCAL MATTERS,” “DEBT STRUCTURE,” and “APPENDIX A – AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2016” herein.

Description of Bonds

The Bonds will be dated their date of delivery, and will mature on November 1 in the years and amounts set forth on the inside cover pages of this Official Statement, and will bear interest at such rates as named by the successful bidders. The principal shall be payable to the registered owner thereof at maturity upon presentation and surrender of the Bonds at the corporate trust office of Wells Fargo Bank N.A., Atlanta, Georgia (the “Paying Agent”). Interest on the Bonds will be paid semiannually on May 1 and November 1, beginning May 1, 2018 (the “Interest Payment Dates”), by cheque or draught mailed by the Paying Agent to each person in whose name a Bond is registered at the close of business on the fifteenth day of the calendar month next preceding the Interest Payment Date. The Bonds are issued in fully-registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds may be transferred only on the registration books of the County maintained by the Paying Agent as bond registrar at the expense of the County.

Book-Entry Only System

The Bonds will be available to purchasers under the book-entry system maintained by The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers will not be entitled to receive physical delivery of the Bonds. For so long as any purchaser is a beneficial owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Bonds. See “APPENDIX E – DTC AND BOOK-ENTRY ONLY SYSTEM” hereto for additional information regarding DTC and its book-entry system.

Redemption Provisions

The Series 2017 Bonds maturing on or prior to November 1, 2027, are not subject to optional redemption prior to their maturity. The Series 2017 Bonds maturing after November 1, 2027, are subject to redemption on and after November 1, 2027, at the option of the County, in whole or in part at any time, and by lot as to Series 2017 Bonds or portions of Series 2017 Bonds within a maturity of a Series designated by the County (but only in integral multiples of \$5,000), at the redemption price of par plus accrued interest to the date fixed for redemption.

Authorisation

The County Council has authorised the issuance of the Bonds under and pursuant to a bond ordinance (the “Bond Ordinance”) enacted by the County Council on October 24, 2017. A summary of certain provisions of the Bond Ordinance is attached hereto as APPENDIX B. The three Series of Bonds are authorised to be issued under the State statutes described below.

Series 2017A Bonds

The Series 2017A Bonds will be issued pursuant to the County Bond Act (Title 4 Chapter 15 of the Code of Laws of South Carolina 1976, as amended), as amended and continued by Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended. Issuance of a portion of the Series 2017A Bonds (approximately \$70,000,000) was approved by the favorable results of a countywide referendum held in Charleston County on November 4, 2014 on the question of the issuance of up to \$108,500,000 general obligation bonds to fund construction and renovation of public libraries in Charleston County. The balance of the Series 2017A Bonds are being issued under the County’s 8% constitutional debt limit.

Series 2017B Bonds

The Series 2017B Bonds will be issued pursuant to the Refunding Act (Title 11 Chapter 15, Article 5 of the Code of Laws of South Carolina 1976, as amended), as amplified by Title 11, Chapter 21 of the Code of Laws of South Carolina 1976, as amended, and as amended and continued by Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended (collectively, the “Refunding Act”).

Series 2017C Bonds

Pursuant to Title 4, Chapter 37 of the Code of Laws of South Carolina 1976, as amended (the “Transportation Facilities Financing Act”), a referendum was held in Charleston County on November 2, 2004 (the “Sales Tax Referendum”), to authorize the imposition of a one-half of one percent sales and use tax in Charleston County for the purpose of funding costs of certain transportation-related projects. The Series 201CD Bonds will be issued pursuant to the Refunding Act and the Transportation Facilities Financing Act.

Security for the Bonds

The payment of the principal of and interest on the Bonds, as they respectively mature, is secured by an irrevocable pledge of the full faith, credit, and taxing power of the County. The proceedings under which the Bonds are being issued require that there shall be levied annually by the Charleston County Auditor and collected by the Charleston County Treasurer, in the same manner as county taxes are levied and collected, a tax, without limit, on all taxable property in Charleston County, sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

The Series 2017C Bonds are also payable from and additionally secured by an irrevocable pledge of the net revenues from the transportation sales tax imposed in Charleston County pursuant to the Sales Tax Referendum.

See “THE BONDS - Security for Bonds” herein for additional information regarding security for the Bonds.

Use of Proceeds

The County is issuing Bonds for the purposes of (i) providing financing for certain capital improvement projects; (ii) advance refunding certain outstanding general obligation bonds of the County for debt service savings; and (iii) paying costs of issuance of the Bonds. See “THE BONDS – Plan of Finance” herein for additional information regarding the use of proceeds of the Bonds.

Parties and Professionals to the Transaction

Issuer	Charleston County, South Carolina Charleston, South Carolina
Paying Agent, Bond Registrar, and Authenticating Agent	Wells Fargo Bank N.A. Atlanta, Georgia
Securities Depository	The Depository Trust Company New York, New York
Disclosure Dissemination Agent	Digital Assurance Certification, L.L.C. Jacksonville, Florida
Escrow Agent	Wells Fargo Bank, N.A. Atlanta, Georgia
Financial Advisor	First Tryon Advisors Charlotte, North Carolina

Verification Agent	Bingham Arbitrage Rebate Services Richmond, Virginia
Bond Counsel and Disclosure Counsel	Howell Linkous & Nettles, LLC Charleston, South Carolina
County Attorney	Joseph Dawson, III, Esq. Charleston, South Carolina
Auditors	Scott and Company LLC Columbia, South Carolina
Underwriter for Series 2017A Bonds	_____
Underwriter for Series 2017B Bonds	_____
Underwriter for Series 2017C Bonds	_____

Tax Status of Interest on Bonds

In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel to the County, under existing law and assuming compliance by the County with certain covenants described herein, interest on the Bonds is excludable from gross income for federal and South Carolina income tax purposes. Bond Counsel is of the further opinion that interest on the Bonds will not be treated as an item of preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it is noted, however, that interest on the Bonds will be taken into account in determining adjusted current earnings for the purposes of computing the alternative minimum tax imposed on corporations. See “LEGAL MATTERS - Tax Treatment –*Bonds*” herein for additional information regarding the tax status of interest on the Bonds. The forms of the opinion of Bond Counsel with respect to each Series of Bonds is attached hereto as APPENDIX C-1, C-2, and C-3.

Terms of Offering and Custodial Depository

The Bonds are being offered by the County when, as, and if issued, and subject to the delivery of the approving opinion as to legality of Howell Linkous & Nettles, LLC, Charleston, South Carolina, as bond counsel. It is expected that the Bonds will be available for delivery to the successful purchasers, on or about November 30, 2017, through the facilities of DTC.

Continuing Disclosure

Pursuant to Disclosure Dissemination Agent Agreements (collectively, the “Disclosure Dissemination Agreement”), the County will agree for the benefit of the Holders and the “Beneficial Owners” (as defined in the Disclosure Dissemination Agreement) of the Bonds, to provide certain financial information and operating data relating to the County (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events with respect to the Bonds. The Annual Reports and notices of such events will be filed by or on behalf of the County with the Municipal Securities Rulemaking Board. Digital Assurance Certification LLC, Jacksonville, Florida (“DAC”) has agreed to serve as the initial disclosure dissemination agent under the Disclosure Dissemination Agreement. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D - “Form of Disclosure Dissemination Agent Agreements”. See “MISCELLANEOUS – Continuing Disclosure” herein for additional information regarding the County’s continuing disclosure undertaking.

Miscellaneous

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Prior to the delivery of the Bonds, copies of the documents described herein may be obtained by contacting the County's Financial Advisor, First Tryon Advisors, 1355 Greenwood Cliff, Suite 400, Charlotte, North Carolina 28204; telephone: 704.831.5035, Attention: J. Walter Goldsmith. After closing, copies of the documents may be obtained from the Paying Agent.

THE BONDS

Description of Bonds

The Bonds will be dated their date of delivery, and will mature on November 1 in the years and amounts set forth on the inside cover pages of this Official Statement, and will bear interest at such rates as named by the successful bidders. The principal shall be payable to the person in whose name the Bond is registered at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the payment date (the "Record Date") at maturity upon presentation and surrender of the Bonds at the corporate trust office of the Paying Agent. Interest on the Bonds will be paid semiannually on each Interest Payment Date to the registered owner as of the Record Date. The Bonds are issued in fully-registered form in denominations of \$5,000 or any integral multiple thereof. See "APPENDIX E – DTC AND BOOK-ENTRY ONLY SYSTEM" for a description of the Book-Entry Only System with respect to the Bonds.

See "DEBT STRUCTURE – Debt Service for General Obligation Bonds and Lease Purchase Obligations" herein for a table setting forth the annual principal and interest payments on all of the County's outstanding general obligation indebtedness, including the Bonds.

Security for the Series 2017A Bonds and the Series 2017B Bonds

The County Bond Act and the Refunding Act, as applicable, and the Bond Ordinance pursuant thereto, irrevocably pledge for the payment of the principal of and interest on the Series 2017 A Bonds and the Series 2017B Bonds, as they respectively mature, and for the creation of such sinking fund as may be necessary therefor, the full faith, credit, and taxing power of the County, and require that there shall be levied annually by the Charleston County Auditor and collected by the Charleston County Treasurer, in the same manner as other County taxes are levied and collected, a tax, without limit, on all taxable property in Charleston County, sufficient to pay the principal of and interest on the Series 2017A Bonds and the Series 2017B Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

In the opinion of Bond Counsel, any law which attempts to repeal or modify the aforesaid provisions of the applicable State statutes would be invalid under Section 10 of Article 1 of the Constitution of the United States which prohibits the enactment of a law impairing the obligation of contracts.

Security for the Series 2017C Bonds

The Refunding Act, and the Bond Ordinance pursuant thereto, irrevocably pledge for the payment of the principal of and interest on the Series 2017C Bonds, as they respectively mature, and for the creation of such sinking fund as may be necessary therefor, the full faith, credit, and taxing power of the County, and require that there shall be levied annually by the Charleston County Auditor and collected by the Charleston County Treasurer, in the same manner as other County taxes are levied and collected, a tax, without limit, on all taxable property in Charleston County, sufficient to pay the principal of and interest on the Series 2017C Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

The Transportation Sales Tax Act authorizes the County to pledge the net proceeds from the collection of a one-half of one percent sales and use tax imposed in Charleston County as security for the Series 2017C Bonds. The

Bond Ordinance provides that the annual ad valorem tax to be levied for the payment of debt service on the Series 2017C Bonds will be reduced by the amount of net revenues collected from the Transportation Sales Tax. In the Bond Ordinance, the County Council have pledged the net revenues of the Transportation Sales Tax to pay debt service on the Series 2017C Bonds. See “TRANSPORTATION SALES TAX” herein for a more complete discussion of the Transportation Sales Tax and the pledge of net revenues securing the payment of the Series 2017C Bonds.

In the opinion of Bond Counsel, any law which attempts to repeal or modify the aforesaid provisions of the Transportation Sales Tax Act or the Refunding Act would be invalid under Section 10 of Article 1 of the Constitution of the United States which prohibits the enactment of a law impairing the obligation of contracts.

Application of State Funds

Article X of the South Carolina Constitution provides that: “if at any time any political subdivision shall fail to effect the punctual payment of the principal of or interest on its general obligation debt, then, in such instance, the State Treasurer shall withhold from such political subdivision sufficient moneys from any state appropriation to which such political subdivision may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the political subdivision then due. Any and all appropriations for political subdivisions of the State shall be subject to the provisions of this subsection.”

Article X does not contain an express pledge or covenant to apply the State moneys referred to therein to the payment of county indebtedness. Neither the applicable State statute nor the Bonds nor the proceedings pursuant to which the Bonds are being issued contains any reference to the above-quoted provision of Article X. In the opinion of Bond Counsel, the constitutional provision above-quoted can be enforced only so long as it remains a part of the South Carolina Constitution, but an amendment to the South Carolina Constitution modifying or repealing the above-quoted provision of Article X would be sustained against a claim by the holders of the Bonds that such an amendment is a law impairing the obligation of contracts in violation of Section 10 of Article 1 of the Constitution of the United States.

Any such constitutional amendment, to become effective, would have to be proposed by a vote of two-thirds (2/3rd) of the members of each House of the South Carolina General Assembly, favourably voted on in the succeeding State-wide general election, and then ratified by a majority vote of each House of the General Assembly at the next session.

During the last ten fiscal years, the County has received State appropriations as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Amount Received</u> <u>From State Appropriations</u>
2008	\$18,966,163
2009	18,137,979
2010	15,324,720
2011	13,212,515
2012	11,880,990
2013	13,983,974
2014	14,037,931
2015	14,252,604
2016	14,086,855
2017	14,687,402

Plan of Finance

The County will use the proceeds of the Bonds for the purposes of (i) providing financing for certain capital improvement projects; (ii) advance refunding certain outstanding general obligation bonds of the County for debt service savings; and (iii) paying costs of issuance of the Bonds.

Capital Improvement Projects

On November 4, 2014, the voters in Charleston County approved a referendum (the “Library Referendum”) authorising the issuance of up to \$108,500,000 general obligation bonds to fund construction or renovation of libraries in Charleston County (the “Library Facilities”). A portion of the proceeds of the Series 2017A Bonds in the amount of approximately \$70,135,000 will be used to defray the costs of the Library Facilities. Approximately \$33,000,000 of the proceeds of the Series 2017A Bonds will be used to defray the costs of acquisition and construction of fleet management and repair facilities, Public Works offices and Environmental Management offices, relocation of the County juvenile detention center, acquisition of 3600 Rivers Avenue, and Public Works equipment.

Plan of Refunding

The Series 2017B Bonds are being issued to (i) advance refund all or a portion of the County’s outstanding General Obligation Bonds of 2011 (the “Series 2011 Bonds”) that mature in the years 2022-2031*, inclusive. The Series 2017C Bonds are being issued to advance refund all or a portion of the County’s outstanding General Obligation Transportation Sales Tax Bonds of 2011 that mature in the years 2022-2029*, inclusive (the “Series 2011 Sales Tax Bonds”); and collectively with the Series 2011 Bonds, the “Refunded Bonds”).

In order to accomplish the refunding of the Refunded Bonds, a portion of the proceeds from the sale of the Series 2017B Bonds and the Series 2017C Bonds will be deposited with Wells Fargo Bank, N.A., as escrow agent (the “Escrow Agent”) for the Refunded Bonds to be held in the applicable escrow fund (the “Escrow Fund”) established under the Escrow Agreement (the “Escrow Agreement”) between the County and the Escrow Agent. The amount so deposited will be held uninvested or invested in United States Treasury Securities (the “Government Obligations”), the maturing principal of and interest on which will provide funds sufficient to pay, when and as due, the principal of, and interest on the Refunded Bonds. The Refunded Bonds will be legally defeased and no longer outstanding upon the deposit being so made. The Escrow Agent has been given irrevocable instructions to call the Refunded Bonds for redemption on November 1, 2021, which is their earliest optional redemption date. See “MISCELLANEOUS – Verification of Arithmetic and Mathematical Accuracy of Escrow” herein for information regarding verification of the accuracy and sufficiency of amounts deposited into the Escrow Fund.

The Government Obligations and cash will be irrevocably pledged under the Escrow Agreement to the payment when due and as due of those portions of the principal of, redemption premium, and interest on, the Refunded Bonds, as applicable, in accordance with the plan of refunding, and will not be available to pay principal of and interest on the Bonds.

Estimated Sources and Uses of Proceeds

The tables below set forth the estimated sources and uses of funds under the Plan of Finance.

Series 2017A Bonds

Sources

Face Amount	\$
Original Issue Premium	
Total	\$

Uses

Construction Fund	\$
Costs of Issuance*	\$
Miscellaneous	\$
Total	

Series 2017B Bonds

Sources

Face Amount	\$
Original Issue Premium	
Total	\$

Uses

Refunding Escrow	\$
Cost of Issuance*	\$
Miscellaneous	\$
Total	

Series 2017C Bonds

Sources

Face Amount	\$
Original Issue Premium	\$
Total	

Uses

Refunding Escrow	\$
Costs of Issuance*	\$
Miscellaneous	
Total	\$

*Includes underwriter’s discount.

*Preliminary, subject to change.

Redemption Provisions

The Series 2017 Bonds maturing on or prior to November 1, 2027, are not subject to optional redemption prior to their maturity. The Series 2017 Bonds maturing after November 1, 2027, are subject to redemption on and after November 1, 2027, at the option of the County, in whole or in part at any time, and by lot as to Series 2017 Bonds or portions of Series 2017 Bonds within a maturity of a Series designated by the County (but only in integral multiples of \$5,000), at the redemption price of par plus accrued interest to the date fixed for redemption.

Book-Entry Only System

The Bonds will be available to purchasers under the book-entry system maintained by The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers will not be entitled to receive physical delivery of the Bonds. For so long as any purchaser is a beneficial owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Bonds. See “APPENDIX E – DTC and Book-Entry Only System” herein for a more complete description of the Book-Entry Only System for the Bonds.

Miscellaneous

The interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. In the event that any action to be taken under the Bond Ordinance, including the payment of principal of and interest on the Bonds, is to be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State of South Carolina or in a state where the office of the Paying Agent, the Bond Registrar, or the authenticating agent is located, such action shall be taken on the first business day occurring thereafter. In that event, there shall be no additional interest due on the Bonds.

DESCRIPTION OF CHARLESTON COUNTY AND ITS SURROUNDING AREA

Description of Charleston County

Charleston County is located along the southeastern coast of South Carolina. It has a land area of 945 square miles and a 97-mile coastline along the Atlantic Ocean. The Intracoastal Waterway from New York to Florida runs through the entire length of the County. Charleston County has the third largest county population in South Carolina. Charleston County has developed into a business, financial, medical, and service center for the southeastern part of the State.

Located within Charleston County are 16 incorporated municipalities and several special purpose districts which provide various local governmental services. The largest municipalities are Charleston, North Charleston, and Mt. Pleasant.

Some of the largest employers located within the Charleston County MSA and the approximate number of employees are listed below:

<u>Name</u>	<u>Service</u>	<u>Employees</u>
Joint Base Charleston*	Military	22,000
Medical University of South Carolina	Healthcare, education	13,000
The Boeing Company	Aircraft manufacturer	7,400
Charleston County School District	Education	6,000
Roper St. Francis Healthcare	Healthcare	5,500
Wal-Mart	Retail Store	2,300
College of Charleston	Education	2,200
Charleston County	Government	2,100
City of Charleston	Government	1,700
Kiawah Island Resort/The Sanctuary	Hospitality	1,500

*Result of merger of Charleston Air Force Base and Charleston Naval Weapons Station in 2010.
Source: Center for Business Research, Charleston Metro Chamber of Commerce, 2016.

Some of the largest manufacturing employers located within the Charleston County MSA and their major products are shown in the following table:

<u>Industry</u>	<u>Products</u>	<u>Employees</u>
The Boeing Company	Aircraft	7,400
Robert Bosch LLC	Antilock brake systems, fuel injection	1,800
Nucor Steel	Steel roll & steel beam	1,000
KapStone Charleston Kraft LLC	Paper and lumber	1,000
Detyens Shipyards, Inc.	Shipyard (repairs & modifications)	800
Cummins Turbo Technologies	Turbochargers & air compressors	700
Alcoa Mt. Holly	Aluminum ingot and smelting	600
BAE System	Electronic security and communications systems	450
JW Aluminum	Flat-rolled aluminum products	380
Mahle Behr (formerly Behr Heat Transfer Systems, Inc.)	Engine cooling systems	375

Source: Center for Business Research, Charleston Metro Chamber of Commerce, 2016.

Charleston County has a strong and diverse economy that is driven by seven engines of growth as follows: Port of Charleston; Medical Industry; Visitor Industry; Military; Higher Education; Information Technology; and Advanced Manufacturing.

Port of Charleston – The Port of Charleston is the fourth largest container port along the U.S. East and Gulf Coasts. The South Carolina Ports Authority (SCPA) comprises seaport facilities in the Cities of Charleston, North Charleston and Georgetown. The SCPA owns and operates five facilities located in Charleston harbor and these facilities employ approximately 500 people. With facilities that handle containerized, break-bulk, project cargo and roll-on/roll-off cargoes, the SCPA annually handles system-wide shipments valued at \$74 billion and helps facilitate the employment of an estimated 187,200 residents of the State of South Carolina. In addition to its cargo business, the SCPA operates a cruise terminal in downtown Charleston that handled an estimated 104 ships in 2016 with a regional economic impact of more than \$37 million.

The Port of Charleston had a four percent increase in cargo container volume in fiscal year 2016, surpassing the record set in fiscal year 2005. In addition, the port handled 132,178 vehicle exports and 112,486 cruise passengers the first six months of 2017. This is a 4.5 percent decrease in vehicle exports and a 7.6 percent increase for cruise passengers over the same period in 2016.

The SCPA received approval from the Army Corp of Engineers in September 2015 for the Port of Charleston harbor deepening project. This project will deepen the harbor to 52 feet which will accommodate post-Panamax vessels that will have access to the East Coast once the Panama Canal expansion is completed. Funding to deepen the harbor will come from both the Federal and State governments. The SCPA's fiscal year 2016 capital improvement program calls for \$165.6 million in development and enhancements of new and existing facilities, with \$73.3 million slated for the on-going construction of the new container terminal on the former Navy Base. The new terminal is scheduled to open in 2019. When completed the expansion will increase total container volume by 50 percent.

Medical Industry – The region's medical industry accounts for over ten percent of the area's total employment and is anchored by the state's teaching hospital, the Medical University of South Carolina (MUSC). The majority of the employment currently exists in Charleston's seven area hospitals - five private regional hospitals, MUSC and the Ralph H. Johnson VA Medical Center.

Visitor Industry - The Charleston region attracted over 5.44 million visitors in 2016, generating an economic impact of \$3.68 billion. Hotel occupancy rates were 75.7 percent and the average daily rate for lodging was \$148.53. The average expenditure per visitor per trip was \$869. The hospitality industry directly employs 31,315 people in Charleston County accounting for 15.9 percent of the workforce.

Charleston received national significant and international recognition in 2016 as it was voted #1 Best City in the United States for the sixth year in a row and #2 World's Best City, due to its amenities lifestyle attributes, according to the *Condé Nast Traveler* annual Reader's Choice survey. *Condé Nast* also named Charleston the Friendliest City in the U.S. for the third year in a row.

Restaurants in Charleston multiply and flourish, nourished by a constant flow of aspiring and accomplished chefs coupled with an increasingly affluent Charleston visitor. *The New York Times*, *Southern Living*, *Bon Appétit*, and *Wine Spectator* have all praised area restaurants where seafood, nouvelle and southern cooking predominate in the over 100 restaurants in downtown Charleston alone.

Charleston offers a vast array of festivals and events that bring tourists to the region. These include cultural events such as the annual Spoleto and Piccolo Spoleto festivals as well as the sports events like the Family Circle Cup (now Volvo Cars Open) tennis tournament and the annual Cooper River Bridge Run.

In 2015, the PGA announced that the 2021 PGA Championship will return to the Ocean Course on Kiawah Island. In August 2012, the PGA Championship was held at Kiawah Island. Approximately 210,000 spectators visiting the Charleston area generated \$92 million in direct spending, \$26 million in labor income and \$75 million in media exposure. The event was seen in 100 countries around the world.

Tourists arrive in Charleston from land, sea and air. The region sees vast numbers of tourists who drive to Charleston for its charm and hospitality. In addition, the centrally located Charleston International Airport brings in tourists from around the world. The airport offers daily non-stop service to 19 cities and 24 airports in the United States and Canada. Carriers include Continental, Delta, JetBlue, American/US Airways, United Airlines, and Southwest. In addition, Silver Airways started flying out of Charleston on March 19, 2015. Silver Airways is offering daily flights to Ft. Lauderdale, Tampa, and Orlando. New air service was added in November 2015. Alaska airlines will offer flights between Charleston and Seattle. In addition, JetBlue will offer daily nonstop service to Fort-Lauderdale-Hollywood (FLL) International Airport.

The Charleston International Airport saw a record number of arriving and departing passengers in 2016 with an increase of 11 percent from 2015. The airport completed a \$189 million expansion that added five new gates and an eight-lane consolidated security checkpoint, in addition to other improvements.

The past few years have seen the emergence of a new facet to Charleston's tourism market - the cruise ship industry. Both Carnival Cruise Lines and Celebrity Cruise Lines have chosen to make Charleston a departure and arrival point. In addition, many other cruise lines (Holland America, Oceana, Princess, Costa, P&O, Aida, Regent Seven Seas and Crystal Cruises) bring their ships to Charleston as a port of call. The cruise business has an estimated \$37 million annual impact on the Charleston market. Carnival Cruise announced in 2015 that it will add five more departures for the Carnival Sunshine. The Sunshine will offer cruises of between two and ten days between Charleston and ports in the Bahamas, St. Thomas, Antigua, Martinique, St. Kitts and San Juan. In addition, Carnival will add Bermuda as a cruise destination next year.

Military - The military makes a large annual economic impact to the region. There are 22,000 active-duty reserve personnel, civilians and civilian contractors employed in the region by the area's defense facilities. In total, the military provides an annual economic impact on the Charleston region estimated at \$6.4 billion.

In October 2010, the Charleston Air Force Base and the Charleston Naval Weapons Station merged to create Joint Base Charleston. The Air Force portion of Joint Base Charleston is one of three military transport service aerial ports on the Atlantic seaboard. It provides airlift support for military installations in Europe, Africa, the Middle East and South America. The base is home to the 437th Airlift Wing and its squadron of over 50 C-17 transport planes that are currently serving a vital supply role to military personnel in the Middle East. The Naval Consolidated Brig which houses prisoners from all branches of the armed services is located on the Joint Base Charleston campus. The brig has 479 cells and can hold 272 military prisoners.

Other facilities include the Space and Naval Warfare Systems Center (SPAWAR), the Nuclear Power Training Command, the Nuclear Power Training Unit, and the Army's Combat Equipment Group Afloat and Surface Deployment Distribution Commands.

Higher Education – There are 26 colleges and universities offering a range of two-year, bachelor's, masters and doctoral degree programs in Charleston. The five largest are: Trident Technical College, with 13,561 students; the College of Charleston with 11,294 students; The Citadel with 3,506 students; Charleston Southern University with an enrollment of 3,653; and the Medical University of South Carolina with 2,996 students.

Trident Technical College's Aeronautical Studies division is designed to prepare students for three tracks in the aviation industry, aircraft assembly, aircraft maintenance and avionics. Construction of a 224,000 square \$79 million aeronautical training facility is scheduled to start in 2017 with completion in 2019. Primary funding for the project comes from the State and Charleston County.

Aerospace - Boeing fabricates, assembles and installs systems for aft (rear) fuselage sections of the Boeing 787 Dreamliner and joins and integrates midbody fuselage sections. The site is also home to the newest 787 Dreamliner final assembly and delivery facility, which began production in July 2011. The 240-acre facility is located in North Charleston. This Boeing facility, an approximately 58,000 square-foot facility, opened on Nov. 11, 2011, delivers South Carolina-built 787s to customers from around the world. This Boeing facility is only the third site in the world to assemble and deliver twin-aisle commercial airplanes. Boeing delivered the first 787 to Air India on October 5, 2012.

In 2014 Boeing expanded with the opening of the Boeing Research and Technology Center, which focuses on advanced manufacturing technology and composite fuselage manufacturing; and Propulsion South Carolina, where the design and assembly of the 737 MAX engine nacelle inlet will be done. In addition, construction began in 2014 on a new state-of-the-art, 256,000-square-foot decorative paint facility which opened in late 2016. The first 787-10 Dreamliner was delivered on February 17, 2017. Boeing has 149 current orders with deliveries slated for 2018. Boeing currently employs 7,400 workers.

Manufacturing – In March of 2015, Daimler Chrysler announced it will build its Mercedes-Benz Sprinter Vans at the North Charleston location. This \$500 million project will create 1,200 new manufacturing jobs. The U.S. is the second largest market for the sprinter van. In May of 2016, Mercedes-Benz began construction of the new assembly plant.

The Milken Institute 2014 Best Performing Large Cities Index ranked Charleston-North Charleston-Summerville fourth in the U.S. for high-tech industry output. The Institute notes "high-tech output grew nearly 30 percentage points faster than the national average over the five years ending 2011--the fourth best in the nation". Charleston has more than 11,000 people employed in tech occupations.

Biomedical – Charleston is garnering international recognition as an emerging biomedical market, and the Medical University of South Carolina's world-class research is key to this region becoming a globally competitive location for biomedical business and talent. Charleston is home to more than 35 medical device and pharmaceutical manufacturers, and more than 50 research laboratories and development companies. Furthermore, the Foundation for Research Development is paving the way for investors, industry, and entrepreneurs to collaborate. MUSC's new \$350 million children's hospital is scheduled to open in 2019 as well.

Advanced Security & IT – The Charleston region houses many U.S. Department of Defense and Department of Homeland Security agencies, including the Space & Naval Warfare Systems Center (SPAWAR). These agencies engage complex information systems to respond to current military security needs and to build the next generation of weapons, security and monitoring systems. SPAWAR Systems Center Atlantic has a \$3.4 billion statewide economic impact and supports over 27,400 jobs with a payroll of \$1.3 billion.

Energy Systems – The Clemson University Research Institute (CURI) Campus is home to the nation's newest and world's most advanced capacity wind-turbine drive train testing facility. The \$100 million Clemson University SCE&G Energy Innovation Center opened in November 2013. The center is capable of full-scale highly accelerated mechanical and electrical testing of advanced drivetrain systems for wind turbines with a 7.5 MW and a 15 MW test bays. This technology will pave the way for future energy innovation.

Population

The table below sets forth the population of each of the three counties, including Charleston County, that constitute the “Tri-County” Standard Metropolitan Statistical Area for the past five decennial censuses.

	Census <u>1970</u>	Census <u>1980</u>	Census <u>1990</u>	Census <u>2000</u>	Census <u>2010</u>
Charleston County	247,650	276,974	295,039	309,969	350,209
Berkeley County	56,199	94,727	128,776	142,651	177,843
Dorchester County	<u>32,276</u>	<u>58,266</u>	<u>83,060</u>	<u>96,413</u>	<u>136,555</u>
Total SMSA (Tri-County)	336,125	429,967	506,875	549,033	664,607

Source: US Census Bureau.

More recent population estimates are set forth in the table below:

<u>July 1</u>	<u>Charleston</u>	<u>Berkeley</u>	<u>Dorchester</u>	<u>Total SMSA</u>
2011	350,209	178,765	137,612	666,586
2012	365,170	189,837	142,490	697,497
2013	372,803	194,020	145,397	712,220
2014	381,015	198,025	148,469	727,509
2015	378,449	198,202	149,981	726,632
2016	396,484	210,898	153,773	761,155

Source: Berkeley Charleston Dorchester Council of Governments.

Per Capita Personal Income

The per capita income in Charleston County and the State for each of the past ten years is set forth below.

<u>Year</u>	<u>County</u>	<u>State</u>
2007	\$38,702	\$32,357
2008	36,097	33,163
2009	38,199	32,417
2010	38,969	32,669
2011	39,536	34,079
2012	40,075	35,347
2013	41,656	35,831
2014	42,748	36,934
2015	47,843	38,041
2016	50,838	39,465

Source: South Carolina Board of Economic Advisors and South Carolina Department of Revenue.

Labor Force

The table below sets forth the labor force estimate in Charleston County prepared by the South Carolina Department of Employment and Workforce for the past five years.

Labor Force Estimate (Charleston County)					
	Annual Average				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Civilian Labor Force	185,836	186,706	189,718	199,801	205,770
Employment Total	172,534	175,649	179,962	189,913	196,734
Unemployment	13,302	11,057	9,756	9,888	9,036
Percent of Labor Force	7.2%	5.9%	5.1%	4.9%	4.4%

Source: South Carolina Department of Employment and Workforce.

Note: Labor force estimates in the table above are not seasonally adjusted.

Workers involved in labor disputes are included among the employed. Total employment also includes agricultural workers, proprietors, self-employed persons, workers in private households and unpaid family workers.

Nonagricultural Wage and Salary Employment

The table below sets forth average monthly employees in the industries described below located in Charleston County, based on the North American Industry Classification System (NAICS).

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Natural Resources and Mining	214	222	268	232	221
Construction	8,829	8,977	9,461	10,642	11,346
Manufacturing	12,631	14,348	14,262	15,175	15,616
Wholesale Trade	5,023	4,821	4,915	5,025	5,321
Retail Trade	25,846	26,226	26,572	27,738	27,916
Transportation and Warehousing	8,150	8,256	8,556	9,229	9,321
Utilities	622	646	639	645	626
Information	3,710	3,691	3,298	3,516	3,547
Financial Activities	9,797	9,702	9,972	10,573	11,226
Professional and Business Services	32,136	33,275	31,742	34,465	35,533
Education and Health Services	25,930	26,506	26,805	28,079	28,702
Leisure and Hospitality	28,951	30,696	31,939	33,404	35,049
Other Services	5,477	5,685	5,763	5,915	6,120
Total, Federal Government	8,676	8,977	9,116	8,978	9,283
Total, State Government	18,322	18,769	18,822	18,868	19,095
Total, Local Government	<u>16,093</u>	<u>16,325</u>	<u>16,054</u>	<u>16,073</u>	<u>16,333</u>
Total	210,407	217,122	218,184	228,557	235,255

Source: South Carolina Department of Employment and Workforce.

GOVERNMENT STRUCTURE

Government of the County

The County adopted a Council-Administrator form of government under Home Rule in 1976. Under this form of county government, the elected County Council must employ an administrator who is the administrative head of the County government and is responsible for the administration of all of the departments of the County government which the County Council has the authority to control. State law requires that the administrator be employed with regard to his executive and administrative qualifications only. The term of employment of the administrator is at the pleasure of the County Council, and he is compensated for services as the County Council may determine. The County Council is composed of nine members who are elected from single-member districts for staggered four-year terms.

The current members of County Council are as follows:

<u>Name</u>	<u>Number of Years Served on Council</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
A. Victor Rawl, Chairman	8½	Retired State Judge	December 31, 2020
Herbert R. Sass, III, Vice Chairman	6	Real Estate Appraiser	December 31, 2018
Henry E. Darby	12½	Educator	December 31, 2020
Anna B. Johnson	6½	Retired Administrative Coordinator	December 31, 2018
C. Brantley Moody	6 mos.	Commercial Banker	December 31, 2020
Teddie E. Pryor, Sr.	12½	Project Manager	December 31, 2018
Joseph K. Qualey	6½	Attorney	December 31, 2018
Henry D. Schweers	10½	Engineer	December 31, 2018
J. Elliott Summey	8½	Real Estate Developer	December 31, 2020

The County Council is the policy-making body of the government. Annually the Council elects one of its members as chairman to guide the County Council, act as its spokesman and preside at meetings. The chairman has no more power than any other member of County Council. The responsibilities of County Council include making appropriations, levying taxes, incurring indebtedness and issuing bonds; establishing the basic legislative policies for the County through ordinances and resolutions governing all County affairs; and establishing guidelines and standards to govern all administrative decisions and procedures.

Jennifer Miller has been the Charleston County Administrator since June 23, 2017. Prior to becoming County Administrator, Ms. Miller served as the Deputy County Administrator of Human Services from 2007 until her promotion to County Administrator. She also served in a variety of senior management positions since 2000. Ms. Miller joined the County in 1986 as a graduate intern in the department of Human Resources. She was made a permanent employee later that year as a compensation analyst. She has also served as a safety coordinator, Planning & Development Director, and Interim Human Resources Director. She received a B.S. degree in Public Administration from the College of Charleston in 1984. Ms. Miller received her Master in Public Administration degree in 1987.

Corine Altenhein has been the County's Deputy County Administrator for Finance since July 2015. She previously served as the Finance Director, Chief Financial Officer and Budget Director. Ms. Altenhein joined the County in 1990 as Assistant Controller. Ms. Altenhein earned her B.S. degree in Accounting from New York University in 1983. She is a Certified Public Accountant, having worked two and a half years with a national C.P.A. firm and four years with a major banking firm, both in New York City.

Mack Gile has been the County's Budget Director since January 2003. Mr. Gile also served as Assistant Budget Director and as a Budget Analyst. Prior to then, he was in practice as a Certified Public Accountant for four years. Mr. Gile earned his B.S. degree (Accounting) from Bob Jones University in 1990 and his Masters in Business Administration from The Citadel in 1999. Mr. Gile is a Certified Governmental Finance Officer through the South Carolina Government Finance Officer's Association and the Government Finance Officers Association of the United States and Canada.

Carla Ritter has been the County's Finance Director since July 2015. Prior to becoming the Finance Director, she served as the Assistant Finance Director since coming to the County in August 2001. Ms. Ritter earned her B.S. degree in Business Administration from the College of Charleston in May of 1986. She is a Certified Public Accountant and Certified Government Finance Officer through the South Carolina Government Finance Officer's Association. Carla worked in public accounting for ten years and the Charleston County School District for six years before coming to the County.

In addition to the elected County Council, various County officers are elected including the County Treasurer, County Auditor, Clerk of Court, Probate Judge, Sheriff, Coroner, Solicitor, and Register of Mesne Conveyance.

Services Provided

The County operates and maintains various programs which are funded from County revenues, as reflected in its annual budget for the fiscal year ending June 30, 2018. These programs include:

- (1) Public Safety (including law enforcement, emergency preparedness planning, detention facilities and fire protection in the Awendaw McClellanville Consolidated Fire Protection District);
- (2) Health Services (including Emergency Medical Services, drug and alcohol rehabilitation programs and substantial contributions to the State's Medically Indigent Assistance Fund);
- (3) Public Works (including street and drainage maintenance and mosquito abatement);
- (4) Solid Waste Management (solid waste disposal and recycling);
- (5) Judicial Administration (including prosecuting and public defender legal services and criminal, civil, probate and family court administration);
- (6) Property Assessment, Tax Billing, Tax Collection and Dispersal;
- (7) Libraries;
- (8) Planning and Zoning Administration;
- (9) Veterans Assistance; and
- (10) Board of Election and Voter Registration.

The County has a budgetary accounting system which provides for control of appropriations by department and major objects of expenditure using a proprietary automated financial accounting system. Encumbrance accounting is also utilised. Financial reporting provides periodic reports of expenditures, encumbrances, unencumbered balances and revenues. Monthly expenditure to budget reports are delivered to the County Council. Quarterly budget reviews are performed and brought to Council when appropriate.

Also in place are legislative controls (covering transfers, appropriations and amendments), position controls (utilising authorised position lists), purchasing controls (governing compliance with budget and bidding procedures), travel controls (mode of travel and related costs), payroll controls (ensuring that attendance records are kept) and inventory and fixed asset controls.

The County has a comprehensive set of financial policies which have been adopted by County Council. These policies cover the following areas:

- | | |
|------------------------------|---|
| 1. Operating budget | 6. Investments |
| 2. Revenues and expenditures | 7. Accounting, auditing and financial reporting |
| 3. Financial reserves | 8. Procurement |
| 4. Capital improvements | 9. Risk management |
| 5. Debt management | 10. Human resources |

The General Fund balance for the fiscal year ended June 30, 2016, was \$60,226,827. The ending balances for the fiscal years ended June 30, 2015 and 2014 were \$53,782,843 and \$53,805,343, respectively.

During the present fiscal year, the County has approximately 2,595 employees (including temporary employees). The County's total payroll for the fiscal year ended June 30, 2017, was \$123,384,287.

CERTAIN FISCAL MATTERS

Revenue Sources

The County has historically derived its revenues for the most part from general property taxes on real and personal property located within the County limits, state aid to political subdivisions, local option sales taxes imposed by the County, accommodation taxes imposed by the County on all commercial lodging, license and permit charges made by the County, and charges for services imposed and collected by the County.

Revenues from Property Taxes

Until recent years, county governments in South Carolina have generated the largest portion of revenues for general governmental purposes from ad valorem property taxes. Property taxes have constituted the largest single source of revenues for Charleston County historically. Until the enactment of property tax reform by the State Legislature in 2006 (effective for fiscal years beginning after January 1, 2007), counties in the State generally could impose property tax levies without limit so long as certain procedural requirements were met. Beginning with the fiscal year commencing on July 1, 2007, local governments in the State, including Charleston County, have been subject to the limitations set forth in property tax reform legislation. Property tax levies for the purpose of funding debt service on bonded indebtedness or payments for real property purchased using a lease-purchase agreement or used to maintain a reserve account are not subject to the limitations imposed under property tax reform. See “-Assessment of Property for Property Tax Purposes” herein for a more complete discussion of the property tax levy and collection process in South Carolina. See “-Property Tax Reform – Limitation on Millage Increases” herein for a description of these limitations. Charleston County currently levies an operational millage of 44.7 mills, which is expected to generate approximately \$165.75 million of tax revenues for the general fund in the fiscal year ending June 30, 2018 and \$155.8 million in the fiscal year ending June 30, 2017. See “-Property Tax Collection Record” and “-Millage Levied Within the County” herein for historical information concerning tax levies and collections in Charleston County.

Revenues from Local Option Sales Taxes

At the general election held on November 6, 1990, each county in the State voted on an initiative to levy an additional 1% to the (then) 5% State sales tax, which additional 1% would be used by counties and municipalities located in counties which approved imposition of the Local Option Sales Tax. Charleston County was one of six counties in the State which initially approved imposition of a Local Option Sales Tax. The additional 1% sales tax was imposed effective July 1, 1991. Sales tax revenues are collected by the State government and remitted to the County on a monthly basis. The Fiscal Year 2018 budget includes \$64 million in Local Option Sales Tax receipts and a corresponding credit against tax revenues.

State Aid to Political Subdivisions

Unrestricted State aid to political subdivisions has constituted the third largest source of revenues to the County's general fund for the past several years. The annual amount paid to the County is subject to appropriation by the State Legislature in the annual State budget. See the table on Page 6 hereof for the history of receipts of State aid to political subdivisions by the County.

Transportation Sales Tax

The imposition and collection of the Transportation Sales Tax is authorised by Title 4, Chapter 37 of the Code of Laws of South Carolina 1976, as amended (the “Transportation Facilities Financing Act”). The Transportation Sales Tax is collected and remitted in the same manner as the general sales tax. The Transportation Facilities Financing Act authorises any county council to impose a sales and use tax by county ordinance, subject to referendum approval, to pay for the costs of highways, roads, streets, bridges, mass transit systems, greenbelts, and

other transportation-related projects and facilities. If the imposition of the tax is approved in the referendum, the tax will be imposed on the first day of May following the date of the referendum.

On November 2, 2004, the sales tax referendum (the “2004 Sales Tax Referendum”) was conducted in Charleston County on the issue of imposing the Transportation Sales Tax in the amount of one-half of one percent (1/2%) to pay costs of highways, roads, streets, bridges and other transportation-related projects facilities, and drainage facilities related thereto, and mass transit systems operated by the County or jointly operated by the County and other governmental entities and greenbelts.

The Transportation Sales Tax authorised by the 2004 Sales Tax Referendum (the “2004 Sales Tax”) has been collected on net taxable sales in Charleston County since May 1, 2005. The 2004 Sales Tax will be collected until the earlier of (i) total collections equal \$1,303,360,000 or (ii) April 30, 2030. See the table at “-Transportation Sales Tax” for a history of the annual collections of the Transportation Sales Tax by the County

On November 8, 2016, the sales tax referendum (the “2016 Sales Tax Referendum”) was conducted in Charleston County on the issue of imposing an additional Transportation Sales Tax in the amount of one-half of one percent (1/2%) to pay costs of highways, roads, streets, bridges and other transportation-related projects facilities, and drainage facilities related thereto, and mass transit systems operated by the County or jointly operated by the County and other governmental entities and greenbelts. The Transportation Sales Tax authorised by the 2016 Sales Tax Referendum (the “2016 Sales Tax”) has been collected on net taxable sales in Charleston County since May 1, 2017. The 2016 Sales Tax will be collected until the earlier of (i) total collections equal \$2,100,000,000 or (ii) April 30, 2042. Revenues derived from the collection of the 2016 Sales Tax are not pledged as security for the Series 2017C Bonds.

The Transportation Sales Tax is administered and collected by the South Carolina Department of Revenue in the same manner as other sales and use taxes. The revenues of the tax are remitted to the South Carolina Department of Revenue and placed on deposit with the State Treasurer and credited to a fund separate and distinct from the General Fund of the State. After deducting the amount of any refunds made and costs to the South Carolina Department of Revenue of administering the tax, not to exceed one percent of the revenues, the State Treasurer will distribute the revenues quarterly to the County Treasurer. Net revenues received by the County Treasurer are deposited into a separate Transportation Sales Tax Fund and applied solely to pay the costs of eligible projects or debt service on bonds issued to finance eligible projects. The Series 2017C Bonds will be secured by a pledge of the net revenues of the 2004 Sales Tax.

Revenues from Local Accommodations Taxes

Pursuant to the Local Accommodations Tax Act (Title 6, Chapter 1, Article 5 of the Code of Laws of South Carolina 1976, as amended), the County imposes a local accommodations tax in the amount of 2%. The tax is levied on the gross proceeds derived from the rental or charges for accommodations furnished to tourists for any rooms, campground spaces, lodgings, or sleeping accommodations by any hotel, inn, tourist court, tourist camp, motel, campground, residence, or any place in which rooms, lodgings, or sleeping accommodations are furnished to tourists for a consideration. The tax does not apply where the facilities consist of less than six sleeping rooms, contained on the same premises, which is used as the individual’s place of abode. In accordance with the Local Accommodations Tax Act, revenues collected from the imposition of the local accommodations tax may only be used for the following purposes or for operation and maintenance of those purposes, including police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to the following facilities:

- (1) tourism-related buildings;
- (2) tourism-related cultural, recreational, or historic facilities;
- (3) beach access, renourishment, or other tourism-related lands and water access;
- (4) highways, roads, streets, and bridges providing access to tourist destinations;
- (5) advertisements and promotions related to tourism development; or
- (6) water and sewer infrastructure to serve tourism-related demand.

The local accommodations tax is required to be remitted to the County on a monthly basis when the estimated average monthly tax is more than \$50; on a quarterly basis when the estimated average monthly tax is \$25 to \$50; and on an annual basis when the estimated average monthly tax is less than \$25.

Revenues from License and Permit Fees, Franchise Fees, User Fees, and Administrative Fees

The County generates revenues from a variety of fees, including various business licenses and professional fees, franchise fees and building permits, zoning fees, and solid waste disposal fees. In addition, there are court and other administrative fees charged by the County.

Recent State Property Tax Reform

In 2006, State statutes established a new mechanism for the funding of a portion of school operations and a limitation on annual growth in millage levied by political subdivisions and school districts for operations. S.C. Code Sections 11-11-155 and 12-36-1110 essentially substitute revenues to be collected by an increase in the State sales tax of 1% (in addition to the previous 5%) for local property taxes on owner-occupied residential property attributable to school district operating levies. The County has no responsibility for funding school district operations or debt service. See “-Property Tax Reform” herein for a more complete discussion of recent property tax reform legislation.

Assessment of Property for Property Tax Purposes

The South Carolina Constitution mandates the equal and uniform assessment of taxable property throughout the State for the following classes of property and at the following ratios:

- 1) Real and personal property owned by or leased to manufacturers, utilities, or mining operations – 10.5% of fair market value (certain industrial facilities may be entitled to a limited exemption or to pay at lower ratios; see “-Exemptions and Limitations for Certain Industries” herein).
- 2) Real and personal property owned by or leased to transportation companies for hire (railroads and pipelines) – 9.5% of fair market value.
- 3) Inventories of business establishments – 6% of fair market value (this category has been phased out; see discussion below).
- 4) Legal residence and not more than five contiguous acres – 4% of fair market value (if the property owner makes proper application and qualifies).
- 5) Agricultural real property used for such purposes owned by individuals and certain small corporations – 4% of use value (if the property owner makes proper application and qualifies).
- 6) Agricultural real property and timberlands belonging to large corporations (more than 10 shareholders) – 6% of use value (if the property owner makes proper application and qualifies).
- 7) Power-driven farm machinery and equipment – 5% of fair market value.
- 8) Personal motor vehicles – 6% of fair market value.
- 9) All other real property – 6% of fair market value.
- 10) All other personal property – 10.5% of fair market value.

The business inventory tax has been phased out as of 1988. The business inventory exempted from property taxation is nonetheless considered taxable property for purposes of calculating the bond debt limits for all political subdivisions. The legislation creating the exemption provides that the exemption is conditioned upon the State legislature appropriating annually to each taxing entity an amount equivalent to taxes which would have been

collected by such taxing entity based upon the value of business inventory in 1987. The amount of the 1987 business inventory taxes in the Charleston County was \$21,648,190.

Since 1975, State law has required all counties within the State to employ a reassessment program to insure that all taxable properties are assessed on a uniform basis. All properties located in Charleston County are assessed in compliance with the ratio mandates of State law. Further, all properties in Charleston County are presently listed at appraised values computed in accordance with the regulations promulgated by the South Carolina Department of Revenue and Taxation (“DOR”).

DOR is charged with responsibility for taking steps necessary to ensure equalisation of assessment statewide and may require reassessment of any part or all property within any county. Regulations of DOR effectively require that a reassessment must be instituted by any county if the median appraisal for all property in such county (as a whole or for any class of property) is higher than 105% or lower than 80% of fair market value. State law also requires each county to assess all properties on the newly appraised values every fifth year. Upon completion of a reassessment, the total ad valorem millage for any political subdivision of the State may not exceed the total ad valorem tax millage of such political subdivision for the year immediately prior to completion of such reassessment, adjusted for new taxable property, by more than the increase in the consumer price index for the year in question. The latest reassessment of all real property in Charleston County has a date of value of December 31, 2013 and will be implemented for Tax Year 2015.

The Charleston County Assessor appraises and assesses all real property and mobile homes located within Charleston County, and certifies the results to the Charleston County Auditor. The County Auditor appraises and assesses all motor vehicles, marine equipment, business personal property, and airplanes. DOR furnishes guides for use by the County in the assessment of automobiles, automotive equipment, and certain other classes of property and directly assesses the real and personal property of public utilities, manufacturers, and business equipment.

In each year, upon completion of its work, the DOR certifies its assessments to the County Auditor. During August and September of each year the County Auditor prepares assessment summaries from the respective certifications, determines the appropriate millage levies, prepares the tax rolls, and then in September charges the County Treasurer with the collection of taxes. With the exception of motor vehicles, the South Carolina Tax Control date is December 31 for the ensuing tax year. South Carolina has no state-wide property tax.

Homestead Exemption

South Carolina provides, among other exemptions, an exemption for homesteads. This is a general exemption from all ad valorem property taxes and applies to the first \$50,000 of value of the dwelling place of persons who are over 65 years of age, totally and permanently disabled, or legally blind (the “Homestead Exemption”). The revenues that would have been received by various taxing entities but for the exemptions are replaced by funds from the State. The State pays each taxing entity the amount to which it is entitled by April 15 of each year from the State's general fund. The Homestead Exemption reimbursement to the County for the 2017 fiscal year amounted to \$2,132,325.

Property Tax Reform

Sales Tax Imposition; Exemption of Owner-Occupied Residential Property from School Operating Taxes

Beginning in 2007, S.C. Code Section 12-36-1110 imposes an additional one percent sales tax State-wide. The additional tax does not apply to certain items, including certain accommodations (e.g., hotels, motels, and campgrounds), items taxed at a defined maximum tax (e.g., automobiles), and unprepared food (upon which the prior 5% tax was eliminated in October, 2007). Receipts from this 1% sales tax are credited to the “Homestead Exemption Fund.”

Effective beginning with fiscal year 2008, all owner-occupied residential real property in the State is exempted from ad valorem real property taxes levied for school district operations (the “New Homestead Exemption”). Proceeds of the sales tax deposited in the Homestead Exemption Fund are distributed to the school districts in substitution for the ad valorem real property taxes not collected as a consequence of the New Homestead

Exemption. S.C. Code Section 11-11-156 provides that a minimum of \$2,500,000 of sales taxes per county will be distributed to the school district or districts within such county. Owner-occupied residential real property is not exempt from millage imposed for the payment of general obligation indebtedness incurred by school districts.

The amount of the reimbursements in fiscal year 2008 was equal to the amount estimated to have been otherwise collected (but for the New Homestead Exemption) in fiscal year 2008 by the school district from school operating millage imposed on owner occupied residential property therein, subject to the minimum of \$2,500,000 described above. Beginning in fiscal year 2009 and continuing each year thereafter, the aggregate reimbursement to the school districts will increase by an amount equal to the Consumer Price Index, Southeast Region, plus the percentage increase in the previous year in the population of the State. The aggregate amount of the reimbursement increase in any year will be distributed among the school districts proportionately based on each school district's weighted pupil units as a percentage of statewide weighted pupil units as determined annually pursuant to the South Carolina Education Finance Act.

Any amounts remaining in the Homestead Exemption Fund after the distribution of moneys as described in the preceding paragraphs will be distributed to the school districts of the 46 counties of the State, proportionately based upon population, to be applied as a credit against ad valorem real property taxes levied against, first, owner-occupied residential real property, and, thereafter, to all other classes of taxable property, for county operating purposes.

To the extent revenues in the Homestead Exemption Fund are insufficient to pay all reimbursements to the school districts as described above, S.C. Code Section 11-11-156 provides that the difference is to be paid from the State's general fund. Enforcement of this provision is not self-executing, and will in each applicable year be subject to the appropriation of the necessary amounts by the General Assembly.

Limitation on Millage Increases

Beginning in 2007, S.C. Code Section 6-1-320 imposes a limitation on increases in millage levied for operational purposes by all political subdivisions in South Carolina. State law provides that annual millage levies may increase only at a rate equal to the sum of (a) the increase in the consumer price index, plus (b) the rate of population growth of the political subdivision. There may be added to the operating millage increase any such increase permitted under clauses (a) or (b) of the prior sentence, that was allowed but not previously imposed, for the three property tax years preceding the year to which the current limit applies. This limitation may be overridden by a vote of two-thirds of the governing body of the political subdivision, but only for the following purposes and only in a year in which such condition exists:

- (1) a deficiency of the preceding year;
- (2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;
- (3) compliance with a court order or decree;
- (4) taxpayer closure due to circumstances outside the control of the governing body that decreases by 10% or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or
- (5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

Local Option Sales Tax for Additional Tax Relief

S.C. Code Section 4-10-730 authorizes the imposition within any county, subject to approval by referendum, of a local sales tax to provide additional property tax relief. The local sales tax may only be imposed to the extent necessary to provide a 100% credit to all classes of taxable property against (a) county operating taxes, (b)

school operating taxes, or (c) both, as set forth on the referendum ballot. The rate of such local sales tax may not exceed 1%. Charleston County has not implemented the provisions of S.C. Code Section 4-10-730 as of this date.

Reassessment Valuations Limited

Since 2007, S.C. Code Section 12-37-3140 has provided that the growth in valuation of real property attributable to reassessment may not exceed 15% for each five-year reassessment cycle. Growth in valuation resulting from improvements to real property are exempt from this restriction. Except for property classified as “all other real property” subject to the 6.0% assessment ratio, upon the sale of any parcel of real property or other “assessable transfer of interest,” including long-term leases, conveyances out of trusts, and other defined events, but excluding transfers between spouses, such parcel will be reassessed to its then-current market value.

Exemptions and Limitations for Certain Industries

Pursuant to various economic development incentives enacted by the State Legislature, the assessment ratio for certain manufacturing facilities and other facilities can be reduced to 6% (and, in some instances, as low as 3%) under fee-in-lieu of tax transactions and multi-county industrial parks by action of the County Council. These incentives can remain in effect up to 45 years in certain instances. In addition to lowering the assessment ratio, this legislation permits the negotiation of a fixed or periodically adjusted millage rate by the industry and County Council, which can differ from the millage rate imposed upon taxable property located within Charleston County. In addition, the County can rebate a portion of the fee-in-lieu of tax payment to the industry.

The South Carolina Constitution exempts from ad valorem taxation (except school and municipal taxes) all new manufacturing establishments for five years from the time of establishment and all additions to existing manufacturing establishments for five years from the time each such addition is made if the cost of such addition is \$50,000 or more. The exemptions authorized by the South Carolina Constitution for manufacturing establishments do not include exemptions from school taxes or municipal taxes.

Assessed Value of Taxable Properties in Charleston County

The following table shows the assessed values of real and personal property and the estimated market value of taxable property in Charleston County for the fiscal years indicated:

Fiscal Year Ended June 30	Real Property	Personal Property	Vehicles	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Actual Tax Value
2007	\$2,308,701,112	\$ 210,195,223	\$ 159,335,124	\$ 2,678,231,459	160.8	\$ 49,446,157,317	5.42%
2008	2,525,310,042	215,663,434	175,326,815	2,916,300,291	168.0	52,960,945,426	5.51%
2009	2,567,170,930	225,355,873	167,364,803	2,959,891,606	177.0	55,081,538,273	5.37%
2010	2,530,782,359	236,859,543	156,340,695	2,923,982,597	181.0	54,571,987,194	5.36%
2011	2,729,144,416	234,746,374	155,001,548	3,118,892,338	181.0	58,181,179,259	5.36%
2012	2,748,065,264	241,398,440	141,452,040	3,130,915,744	179.5	58,596,835,791	5.34%
2013	2,834,713,312	236,854,152	168,553,108	3,240,120,572	180.3	60,515,482,331	5.35%
2014	2,817,056,508	227,202,178	190,025,685	3,234,284,371	181.1	60,729,353,205	5.33%
2015	3,008,285,095	270,073,540	199,568,161	3,477,926,796	181.6	65,179,532,446	5.34%
2016	3,104,605,470	286,745,278	223,296,129	3,614,646,877	186.0	67,532,114,630	5.35%
2017	3,244,302,523	294,144,850	248,416,228	3,786,863,601	186.0	70,941,248,806	5.34%

Source: Charleston County Auditor.

The following table sets forth the assessed values and approximate market values, by tax class categories, for all taxable property in Charleston County for tax year 2017.

<u>Class of Property</u>	<u>Assessed Value</u>	<u>Approximate Market Value</u>
Real Property and Mobile Homes-County Assessor	\$3,244,302,523	\$64,491,688,557
Motor Vehicles-County Auditor by DOR Manual	248,416,228	3,283,574,333
Public Utilities	121,367,230	1,157,195,183
Manufacturing Property-DOR Full Levy	12,097,300	115,212,381
Water Craft-County Auditor	37,717,120	380,509,679
Business Personal-County Auditor	26,290,840	253,334,543
Business Personal-DOR	83,424,400	794,518,095
Aircraft	6,025,350	57,384,286
Rental Residential	3,134,400	29,851,429
Multi-county Park Personal Property	<u>52,666,261</u>	<u>38,935,333</u>
TOTALS	\$3,835,441,652	\$70,602,203,819

Source: Charleston County Auditor.

Method by Which Tax Levy is Made

South Carolina taxing entities (including counties, school districts, cities and towns, and special tax districts) levy property taxes as a single tax bill which each taxpayer must pay in full. In Charleston County, the Charleston County Treasurer collects all current taxes and the County Administrator is responsible for delinquent tax collections.

Notices are mailed in October of each year or as soon as practicable thereafter. All taxes may be paid without penalty through January 15. A 3% penalty is added on January 16. An additional 7% penalty is added on February 1. On March 16, another additional penalty of 5% is added on and delinquent taxes are forwarded at this time to the Charleston County Delinquent Tax Collector for collection.

Property Tax Collection Record

The following table shows the total amount of property taxes levied for operational and debt service purposes for the County for each of the years shown:

Fiscal Year Ended June 30	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$76,026,583	\$73,199,901	96.3%	\$ 2,724,070	\$75,923,971	99.9%
2008	78,854,461	75,500,629	95.7	3,225,954	78,726,583	99.8
2009	82,649,921	77,757,867	94.1	4,749,224	82,507,091	99.8
2010	92,300,468	86,401,791	93.6	5,991,968	92,393,759	100.1
2011	93,003,512	87,880,320	94.5	4,678,681	92,559,001	99.5
2012	92,854,478	86,833,723	93.5	5,638,409	92,472,132	99.6
2013	91,424,352	86,267,951	94.4	4,455,923	90,723,874	99.2
2014	95,016,978	89,976,201	94.7	3,429,876	93,406,077	98.3
2015	97,657,553	93,450,651	95.7	1,756,054	95,206,705	97.5
2016	119,272,881	114,645,979	96.1	2,056,824	116,702,503	97.8

Source: Charleston County Treasurer's Office.

Tax Levy

The following table shows total tax millage for the County and overlapping governments in Charleston County for the tax years shown:

<u>County Direct Rates</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Charleston County Operating	40.2	40.2	40.2	39.1	39.9	40.7	40.7	44.7	44.7	44.7
Charleston County Debt Service	6.6	6.6	6.6	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Park and Recreation Commission Operating	3.6	3.7	3.7	3.6	4.0	4.1	4.1	4.3	4.3	4.3
Park and Recreation Commission Debt Service	2.0	1.9	1.9	1.8	1.4	1.3	1.3	1.3	1.3	1.8
Trident Technical College	2.0	2.0	2.0	2.4	1.9	1.9	1.9	1.9	1.9	1.9
Trident Technical College Debt Service	0	0	0	0	0.5	0.5	1.0	1.0	1.0	1.0
County School Board Operating	98.7	98.7	98.7	98.6	100.5	100.5	100.5	100.7	100.7	116.3
County School Board Debt Service	<u>23.9</u>	<u>27.9</u>	<u>27.9</u>	<u>27.9</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>20.0</u>
Total Direct Rate	177.0	181.0	181.0	179.5	180.3	181.1	181.6	186.0	186.0	196.1
Fire District Rates:	12.0-42.7	12.0-47.7	12.0-48.4	11.2-48.6	11.2-51.3	11.2-55.3	11.2-57.1	12.0-61.6	12.0-61.6	12.0-63.1
City/Town Rates:	22.2-92.8	22.2-92.8	22.2-92.8	22.9-93.6	22.9-94.0	10.2-96.3	10.2-96.3	10.2-96.3	10.2-96.3	10.2-102.1
Public Service District Rates	55.2-102.3	57.6-102.3	57.6-102.3	53.9-102.3	53.9-102.3	54.9-102.3	54.9-102.3	56.9-107	56.9-107.0	56.9-107

Source: Charleston County Auditor.

Local Option Sales Tax

At the general election held on November 6, 1990, each county in the State voted on an initiative to levy an additional 1% to the State sales tax, which additional 1% would be used by counties and municipalities located in counties which approved imposition of the Local Option Sales Tax. Charleston County was one of six counties in the State which initially approved imposition of a Local Option Sales Tax. The additional 1% sales tax was imposed effective July 1, 1991. County Council has determined to apply all of this amount to a reduction of property taxes.

The following table provides the Local Option Sales Tax Receipts retained by Charleston County while the second table reflects the Total Distribution of Local Option Sales Tax receipts to all eligible political subdivisions located in Charleston County and net taxable sales which generate the taxes:

Local Option Sales Tax Receipts Retained by Charleston County

<u>Fiscal Year</u>	<u>Receipts</u>	<u>% Increase(Decrease) Over Prior Years</u>
2007	\$44,024,396	4.4%
2008	44,458,297	1.0
2009	41,085,569	(7.6)
2010	39,955,809	(2.7)
2011	41,340,223	3.5
2012	46,044,345	11.4
2013	47,280,580	2.7
2014	51,409,611	8.7
2015	54,628,244	6.3
2016	57,932,479	6.0

Source: Charleston County Treasurer.

Total Distribution to All Charleston County Entities

<u>Fiscal Year</u>	<u>Amount of Distribution</u>	<u>Net Taxable Sales</u>
2007	\$ 75,580,355	\$ 7,935,937,275
2008	75,818,097	7,960,900,185
2009	71,403,947	7,497,414,484
2010	68,802,305	7,224,242,047
2011	70,787,125	7,451,276,186
2012	77,428,592	8,150,377,977
2013	80,495,460	8,473,206,316
2014	82,349,979	9,371,617,100
2015	94,860,574	9,985,323,421
2016	101,101,304	10,642,242,500

Source: Charleston County Treasurer.

The effective County operating millage rate following application of Local Option Sales Tax Receipts to County millage for homeowners whose property is assessed at 4% as well as those properties assessed at 6% and 10.5% is shown in the following table:

Fiscal Year Ended <u>June 30</u>	Actual Operating <u>Millage Levied</u>	Effective Operating Millage after Local Option Sales Tax Credit (4%) Applied <u>To Ad Valorem Tax</u>	Effective Operating Millage after Local Option Sales Tax Credit (6%) Applied <u>to Ad Valorem Tax</u>	Effective Operating Millage after Local Option Sales Tax Credit (10.5%) Applied <u>to Ad Valorem Tax</u>
2007	40.2	16.7	24.5	31.2
2008	40.2	16.7	24.5	31.2
2009	40.2	18.7	25.9	32.0
2010	40.2	22.5	28.4	33.4
2011	40.2	22.5	28.4	33.4
2012*	39.1	21.6	27.4	32.4
2013	39.9	20.4	26.9	32.5
2014	40.7	19.2	26.4	32.5
2015*	40.7	19.0	26.2	32.4
2016	44.7	22.5	29.9	36.2

Source: Charleston County Auditor.

*Reassessment

The State legislation mandating that the initiative be placed before the voters at the November 6, 1990 general election, provides that a petition signed by 15% of the qualified electors in a county may place before the voters at a subsequent election an initiative to rescind the Local Option Sales Tax.

Transportation Sales Tax

The table below sets forth the amounts of annual collections of the Transportation Sales Tax remitted to Charleston County for Fiscal Years 2008-2016:

<u>Year Ended June 30</u>	<u>Amount of Collections</u>	<u>% Increase (Decrease) Over Prior Year</u>
2008	\$40,097,074	1.5%
2009	37,469,812	(6.6)
2010	36,292,922	(3.1)
2011	37,930,907	4.5
2012	40,672,545	7.2
2013	42,527,426	4.6
2014	46,683,572	9.8
2015	49,707,278	6.5
2016	52,922,363	6.5

Largest Taxpayers

The ten largest property taxpayers in Charleston County and the June 30, 2016 fiscal year assessed value for the taxable property of each located within Charleston County are as follows:

<u>Taxpayer</u>	<u>Business</u>	<u>Estimated Assessed Value</u>
SC Electric & Gas	Electric and gas utility	\$65,515,570
The Boeing Company	Aircraft manufacturing	59,171,387
Kapstone Kraft	Manufacturing/Chemical	14,164,140
Kiawah Real Estate Co.	Real estate holding	9,058,050
Bell South	Communication utility	8,062,100
Charleston/North Charleston MSA L.P.	Cell phone tower holding	6,494,410
Northwoods Mall CMBS	Retail	5,915,360
Tanger Properties	Retail	5,525,820
Charleston Place LLC	Hospitality business	5,759,770
Berkeley Electric Co-Op	Public Utility	5,899,960

Source: Charleston County Auditor.

Retirement Plan

All full-time County employees except public safety department employees are under the South Carolina Governmental Employees' Retirement System ("SCRS") established by the State for county government employees. Public safety department employees are covered by the South Carolina Police Officers' Retirement System ("PORS"), also a defined benefit plan. These plans are funded on a matching basis, using an actuarial method, by the employees and the County.

The County is required to make contributions on behalf of its employees into the pension system. The County's expenses are funded on an actuarial basis determined by the State, and the County is assessed on an annual basis for its share of the State retirement system's pension costs. The County's local pension contributions have risen substantially since Fiscal Year 2000. This has resulted in substantial increases in the County's pension costs as shown in the table below. The table below sets forth the County's actual pension contributions for the Fiscal Years 2013-2016 and the projected contribution for Fiscal Year 2017.

Retirement Plan Costs

<u>Pension System</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
S.C. Governmental Employee's Retirement System (SCRS)	\$7,099,972	\$7,450,960	\$8,122,490	\$8,557,082	\$9,790,076
S.C. Police Officer's Retirement System (PORS)	<u>4,094,829</u>	<u>4,263,735</u>	<u>4,656,574</u>	<u>4,823,080</u>	<u>5,403,995</u>
Total Pension Payments	\$11,194,801	\$11,714,695	\$12,779,064	\$13,380,162	\$15,194,071

For the 2018 fiscal year employees (other than police officers) contribute 9.0% of their salary. Police officers contribute 9.75% of salary. The County's current share is 16.24% on police officers' salaries and 13.56% on all other employees. Police officers are eligible for retirement at age 55 or after 25 years of service. All other employees are eligible for retirement at age 65 or after 28 years of service for Class Two members. Class Three members are eligible for retirement after 30 years of service and age of 65. Both groups' vesting rights are after five years of service. See Note I.V.H to the Notes to Financial Statements in APPENDIX A hereto for more information regarding the County's employee benefits plans.

Recently enacted legislation by the State General Assembly increases the employer contribution rate by 2% beginning in Fiscal Year 2018. The legislation provides that employer rates will continue to increase annually by 1% through Fiscal Year 2022. This legislation also increases and caps the employee contribution rate to 9%.

Other Post Employment Benefits

The County provides certain other post-employment benefits ("OPEB") as part of the total compensation offered to attract and retain qualified employees. Employees hired before July 1, 2008, who meet certain eligibility requirements (including the last five years of employment must be served consecutively and as a full-time regular employee) can continue receiving their health, life and dental benefits with the County. The County will pay 50 percent of the retirees' and dependents' health insurance premiums. Employees hired after June 30, 2008 can receive a 25 percent benefit after 15 years of service and a 50 percent benefit after 25 years of service. For employees who start work with the County January 1, 2009 and later, the surviving spouse benefit is reduced to one year.

The County currently funds its OPEB plan on a pay-as-you-go basis as calculated by Gabriel Roeder Smith & Company. The net OPEB liability at June 30, 2017 was \$35,510,633. The total recorded liability at June 30, 2017, was \$35,510,633, all of which has been cash funded in the Employee Benefits Internal Service Fund. The County's Fiscal Year 2018 budget anticipates fully funding the net OPEB liability for that year.

The tables below set forth schedules of funding progress and employer contributions for the OPEB liability as of June 30, 2017.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7-1-2007	\$ -	\$52,972,306	\$52,972,306	0%	\$93,550,000	56.62%
7-1-2007	-	52,972,306	52,972,306	0%	97,800,000	54.16%
7-1-2009	-	47,374,110	47,374,110	0%	96,600,000	49.04%
7-1-2009	-	47,374,110	47,374,110	0%	99,400,000	47.66%
7-1-2010	-	54,526,503	54,526,503	0%	98,300,000	55.47%
7-1-2013	-	63,154,853	63,154,853	0%	105,200,000	60.04%
7-1-2014	-	58,570,371	58,570,371	0%	110,888,000	52.82%
7-1-2014	-	58,570,371	58,570,371	0%	113,716,000	51.51%
7-1-2016	-	66,264,281	66,264,281	0%	112,638,000	58.83%

Schedule of Employer Contributions

Fiscal Year Ended June 30	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
2008	\$5,874,245	\$1,662,441	28.3%	\$4,211,804
2009	5,947,354	1,872,824	31.5%	8,286,334
2010	4,402,193	1,749,534	39.7%	10,938,993
2011	4,570,445	1,676,012	36.7%	13,833,426
2012	5,952,395	1,984,838	33.3%	17,800,983
2013	6,142,719	2,163,467	35.2%	21,780,235
2014	5,901,850	2,478,226	42.0%	25,203,859
2015	6,088,069	2,105,125	34.6%	29,186,803
2016	5,429,683	2,394,872	44.1%	32,221,614
2017	5,504,638	2,215,639	40.3%	35,510,633

CHARLESTON COUNTY
FIVE YEAR SUMMARY OF GENERAL FUND REVENUE AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
REVENUES					
Local Sources	\$157,972,440	\$160,322,680	\$168,314,796	\$169,856,431	\$185,623,747
State Sources	14,031,121	16,818,161	16,502,673	16,841,178	17,288,405
Federal Sources	<u>3,661,050</u>	<u>3,121,732</u>	<u>2,207,629</u>	<u>2,283,859</u>	<u>7,300,965</u>
TOTAL REVENUES	\$175,664,611	\$180,262,573	\$187,025,098	\$188,981,468	\$210,213,117
EXPENDITURES					
General Government	\$ 44,229,922	\$ 46,385,888	\$ 47,773,126	\$50,136,855	\$53,832,437
Public Safety	75,304,483	79,216,528	83,568,907	86,158,679	87,305,412
Judicial	16,372,511	17,052,520	17,740,222	18,001,127	18,768,118
Public Works	7,532,214	8,005,633	8,000,713	8,769,025	9,040,928
Health & Welfare	4,269,154	4,194,503	3,730,043	3,915,919	4,044,061
Culture & Recreation	<u>13,492,594</u>	<u>14,148,330</u>	<u>14,513,976</u>	<u>14,745,747</u>	<u>15,072,774</u>
TOTAL EXPENDITURES	\$161,200,878	\$169,003,402	\$175,326,987	\$181,727,352	\$188,063,730
EXCESS REVENUES OVER EXPENDITURES	14,463,733	11,259,171	11,698,111	7,254,116	22,149,387
OTHER FINANCING SOURCES (USES):					
Sale of Fixed Assets	-0-	-0-	-0-	-0-	-0-
Transfers In/(Out)	<u>(10,353,822)</u>	<u>(14,525,175)</u>	<u>(11,085,177)</u>	<u>(7,276,616)</u>	<u>(15,705,404)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(10,353,822)	(14,525,175)	(11,085,177)	(7,276,616)	(15,705,404)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,109,911	(3,266,004)	612,934	(22,500)	6,443,983
FUND BALANCE – July 1 of Fiscal Year	52,348,644	56,458,555	53,192,551	53,805,343	53,782,843
PRIOR YEAR ADJUSTMENT/ROUNDING	<u>-0-</u>	<u>-0-</u>	<u>(142)</u>	<u>-0-</u>	<u>1</u>
FUND BALANCE - June 30 of Fiscal Year	<u>\$56,458,555</u>	<u>\$53,192,551</u>	<u>\$53,805,343</u>	<u>\$53,782,843</u>	<u>\$60,226,827</u>

Source: Charleston County CAFR.

Fiscal Year 2017 Results and Fiscal Year 2018 Budget Commentary

At the time of the County's mid-year review, General Fund revenues for Fiscal Year 2017 were estimated at \$3.9 million over budget largely due to higher sales tax collections. In addition, General Fund expenditures were estimated at \$10.0 million under budget with \$5.0 million of this amount carried over to Fiscal Year 2018 for the completion of ongoing projects and encumbrances. As a result, the County anticipates Fiscal Year 2017 to end with \$69.0 million in fund balance. The completion of Fiscal Year 2017 is in progress and final results are anticipated to improve slightly from the mid-year review projections.

The Fiscal Year 2018 General Fund total budgeted revenues equal \$230.6 million. The Fiscal Year 2018 General Fund disbursement budget totals \$235.6 million and uses \$5.0 million of fund balance for pay-as-you-go capital items. The Fiscal Year 2018 budget reflects additional funding for the implementation of a market analysis for employee compensation and expanded resources for the County's facilities maintenance projects.

To address the accounting pronouncement on post retirement benefits, the Fiscal Year 2018 budget, for the eleventh consecutive year, continues to cash fund the Annual Required Contribution above the current year costs. These funds are accounted for in the Employee Benefits Internal Service Fund and totaled \$35.5 million at the end of Fiscal Year 2017.

DEBT STRUCTURE

Outstanding General Obligation Debt

As of June 30, 2017, the County had general obligation bonds outstanding as follows:

<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue Amount</u>	<u>Outstanding Bond Principal</u>
Series 2007 Bonds	December 13, 2007	\$ 75,000,000	\$ 3,175,000
Series 2009A Bonds	August 13, 2009	50,000,000	6,820,000
Series 2009B Bonds	August 13, 2009	20,775,000	1,630,000
Series 2011 Bonds ¹	July 27, 2011	27,100,000	22,555,000
Series 2013A Bonds	May 21, 2013	28,940,000	28,940,000
Series 2013B Bonds	May 21, 2013	30,695,000	22,920,000
Series 2014A Bonds	May 15, 2014	14,955,000	8,890,000
Series 2014B Bonds	May 15, 2014	14,235,000	3,730,000
Series 2015A Bonds	November 3, 2015	18,795,000	18,155,000
Series 2015B Bonds	November 3, 2015	2,080,000	1,920,000
Series 2015C Bonds	November 3, 2015	<u>56,680,000</u>	<u>56,680,000</u>
TOTALS		\$339,255,000	\$175,415,000

¹ To be refunded from the proceeds of the Series 2017B Bonds.

As of June 30, 2017, the County had general obligation bonds additionally secured by a pledge of net revenues derived from the Transportation Sales Tax outstanding as follows:

<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue Amount</u>	<u>Outstanding Bond Principal</u>
Series 2007 Bonds	December 13, 2007	\$150,000,000	\$ 6,990,000
Series 2011 Bonds ¹	July 27, 2011	167,000,000	140,720,000
Series 2012 Bonds	March 22, 2012	32,095,000	28,335,000
Series 2013 Bonds	May 21, 2013	70,135,000	70,135,000
Series 2015D Bonds	November 3, 2015	<u>46,250,000</u>	<u>46,250,000</u>
TOTALS		\$465,480,000	\$292,430,000

¹ To be refunded from the proceeds of the Series 2017C Bonds.

Outstanding Special Source Revenue Bonds

On December 11, 2013, the County issued Special Source Revenue Bonds with a par value of \$86,405,000 (the "2013 SSRBs"). The 2013 SSRBs were issued for the purpose of defraying the cost of infrastructure improvement to streets and highways. The 2013 SSRBs are limited obligations of the County payable solely from the revenues derived by the County from certain fee-in-lieu of taxes received and retained by the County from property located in the County's multi-county park. The County Council has agreed to make up any shortfall in fee-in-lieu of tax revenues from the County's general fund, subject to annual non-appropriation by the County Council. As of June 30, 2017, the entire principal amount of the 2013 SSRBs remained outstanding in the amount of \$86,405,000.

The County anticipates issuing an additional approximately \$35,985,000 of special source revenue bonds, secured on a parity with the security for the 2013 SSRBs, in November 2017.

Outstanding Lease Purchase Obligations

As of June 30, 2017, the County had an aggregate of \$1,431,669 of equipment lease purchase obligations which mature by June 30, 2021. The County's obligation to make lease purchase payments is subject to annual appropriation by County Council. These lease purchase agreements do not count against the County's 8% constitutional debt limit.

The following schedule shows the outstanding lease purchase obligations of Charleston County for the fiscal years indicated:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 771,062	\$ 70,421	\$ 841,483
2019	304,098	28,588	332,686
2020	234,735	14,882	249,617
2021	<u>121,774</u>	<u>3,034</u>	<u>124,808</u>
Total	\$1,431,669	\$116,925	\$1,548,594

Intergovernmental Note Payable

In July 2001, the County entered into an intergovernmental loan agreement with the South Carolina Transportation Infrastructure Bank to fund a portion of the cost of the new Arthur Ravenel, Jr. Bridge over the Cooper River. The County agreed to pay \$3,000,000 per year for 25 years solely from revenues derived from the County's Transportation Sales Tax. The County has recorded the obligation on its records at a net present value using the discount rate of 5.73%.

Annual requirements to amortise the intergovernmental note payable outstanding at June 30, 2017, are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Intergovernmental</u> <u>Note Payable</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 3,000,000	\$ 1,625,328	\$1,374,672
2019	3,000,000	1,718,458	1,281,542
2020	3,000,000	1,816,926	1,183,074
2021	3,000,000	1,921,036	1,078,964
2022	3,000,000	2,031,111	968,889
2023-2027	15,000,000	12,040,531	2,959,469
2028	<u>3,000,000</u>	<u>2,837,416</u>	<u>162,584</u>
Total	\$33,000,000	\$23,990,806	\$9,009,194

Debt Service for General Obligation Bonds

The following table, based on a fiscal year, shows the annual debt service requirements on the County's outstanding general obligation debt as well as on the Bonds offered hereby.

	Series 2017A Bonds			Series 2017B Bonds			Series 2017C Bonds			Transportation Sales Tax General Obligation Bonds	General Obligation Bonds ¹	Total
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>			
2018										\$ 29,679,081	\$ 25,715,298	
2019										29,296,495	24,087,227	
2020										30,116,457	23,594,336	
2021										31,281,444	16,775,570	
2022										32,122,444	15,650,343	
2023										33,027,294	14,408,342	
2024										33,996,653	14,784,368	
2025										35,004,388	15,010,468	
2026										36,007,450	15,016,893	
2027										37,076,819	15,407,468	
2028										20,556,500	15,810,771	
2029										16,080,400	8,378,968	
2030										14,958,300	3,441,481	
2031										-0-	3,445,681	
2032										-0-	3,440,731	
2033										-0-	1,378,631	
2034										-0-	1,380,031	
2035										-0-	1,295,734	
2036										-0-	1,295,718	
2037										-0-	-0-	
2038										-0-	-0-	
2039										-0-	-0-	
Totals										\$379,203,725	\$220,318,059	

¹ Includes debt service on \$1,920,000 general obligation bonds that are additionally secured by a pledge of a special fire tax millage in the Awendaw Fire District.

No Variable Rate Debt or Derivative Contracts

The County currently has no variable rate debt outstanding, and is not a party to any derivative contracts such as interest rate swaps.

Overlapping Debt

Contained within Charleston County are the Charleston County School District and numerous municipalities and special purpose districts providing public services, a number of which have issued general obligation bonds. Direct debt constitutes debt directly issued by the County while overlapping debt constitutes that portion of debt issued by different public entities within Charleston County. The County is not responsible for the overlapping debt of other local agencies.

The following table shows each political subdivision which lies within Charleston County and which has long-term general obligation debt (excluding tax anticipation notes) outstanding and the total outstanding general obligation debt as of June 30, 2016, of each such political subdivision.

<u>Issuer</u>	<u>Outstanding General Obligation Debt</u>
Charleston County School District ⁽¹⁾	\$168,995,000
City of Charleston ⁽²⁾	48,750,000
Town of Mt Pleasant ⁽³⁾	38,045,000
City of North Charleston ⁽⁴⁾	38,545,000
Charleston County Park & Recreation Commission	34,170,000
City of Isle of Palms	9,080,000
St John's Fire Department	5,771,850
St. Paul's Fire Department	3,337,781
City of Folly Beach ⁽⁵⁾	446,477
James Island Public Service District ⁽⁶⁾	281,131
Town of McClellanville	73,158

Source: Carolinas MAC.

⁽¹⁾ Excludes \$121,220,000 tax anticipation notes; excludes \$505,535,000 Installment Purchase Revenue Bonds.

⁽²⁾ At December 31, 2016. Excludes \$32,698,000 Special Redevelopment bonds; excludes \$50,852,000 Revenue Bonds; excludes \$21,218,000 Installment Purchase Revenue Bonds.

⁽³⁾ Excludes \$1,070,000 Tax Increment Bonds.

⁽⁴⁾ Excludes \$36,740,000 COP's; excludes \$14,440,000 Tax Increment Bonds; excludes \$47,300,000 Installment Purchase Revenue Bonds.

⁽⁵⁾ Excludes \$171,000 Revenue Bonds.

⁽⁶⁾ Excludes \$5,467,094 Revenue Bonds.

Overlapping Debt Limits

Under the applicable debt limitation provisions of Article X of the South Carolina Constitution, each school district, incorporated municipality, and special purpose district has the power, in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law, (a) to incur general obligation debt, authorised by a majority vote of the qualified electors thereof voting in a referendum, without limitations as to amount, and (b) to incur, without an election, general obligation debt (in addition to bonded indebtedness authorised by referendum) in an amount not exceeding 8% of the assessed value of all taxable property therein.

Article X of the South Carolina Constitution also authorises all school districts, incorporated municipalities, and special purpose districts to incur general obligation debt in anticipation of the collection of ad valorem taxes (tax anticipation notes) in amounts which do not count against the 8% constitutional debt limit described above.

Additional General Obligation Indebtedness Now Permitted

The County Bond Act empowers the governing body of any county to issue general obligation bonds of that county in any amount not exceeding the constitutional debt limit applicable to the county upon compliance with certain conditions.

The County Council is permitted under the applicable debt limitation provisions of Article X of the South Carolina Constitution to incur general obligation debt of the County as follows:

(a) If the general obligation debt is authorised by a majority vote of the qualified electors of the County in a referendum, general obligation debt may be incurred without any limitation as to amount (other than the amount specified in the referendum).

(b) General obligation debt also may be incurred by counties for sewage disposal or treatment, fire protection, street lighting, garbage collection and disposal, water service, or any other service or facility benefiting only a particular geographical section of such county, without an election and without limitation as to amount, provided a special assessment, tax or service charge in an amount sufficient to provide debt service on the bonds issued for such purposes shall be imposed upon the area or persons receiving the benefit therefrom.

(c) General obligation debt may also be incurred in an amount not exceeding 8% of the assessed value of all taxable property of the county.

Article X of the South Carolina Constitution also authorises all counties to incur general obligation debt in anticipation of the collection of ad valorem taxes (tax anticipation notes) in amounts not subject to the 8% constitutional debt limit described in paragraph (c) above.

At June 30, 2016, of the County's outstanding \$501,115,000 general obligation indebtedness, \$307,545,000 was approved by voters in previous referendums (as described in paragraph (a) above). General obligation indebtedness in the amount of \$1,920,000 is payable from a special tax as describe in paragraph (b) above. Consequently, \$191,650,000 of the County's outstanding general obligation indebtedness counts against the County's 8% constitutional debt limit.

Based on the Fiscal Year 2016 assessed value of \$3,711,896,813, the County's 8% constitutional debt limit is \$296,951,745. A portion of the Series 2017A Bonds (in the amount of \$70,000,000) are issued in accordance with paragraph (a) above and therefore do not count against the County's 8% constitutional debt limit. Upon issuance of the Bonds offered hereby, and refunding of the Refunded Bonds, the County will be permitted to incur under the constitutional debt limit additional general obligation debt in the total amount of \$263,896,745*. See "- Anticipated Capital Needs" herein for the anticipated issuance of additional general obligation debt by the County.

Additional Lease-Purchase and Annual Appropriation Indebtedness

South Carolina law permits county governments to finance the acquisition and construction of capital assets by means of lease-purchase financing. Lease-purchase financing of personal property, such as vehicles and equipment, does not count against the 8% constitutional debt limit described in "- Additional General Obligation Indebtedness Now Permitted" herein. In most instances, lease-purchase financing of real property acquisition or improvements will, however, count against a similar statutory 8% debt limit.

County governments are permitted under State law to use annual appropriation instalment purchase financing to acquire and construct real property improvements. This form of financing generally will not count against either the constitutional or statutory 8% debt limit.

The County has no plans at this time to incur lease-purchase or annual appropriation indebtedness to finance capital projects as described above.

*Preliminary, subject to change.

County's Authority to Issue Other Revenue Bonds

The South Carolina Constitution grants authority to county governments to incur indebtedness payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax or license on such terms and conditions as are prescribed by general law. Revenue bond indebtedness issued in compliance with this provision of the State Constitution does not count against the 8% constitutional debt limit described in “- Additional General Obligation Indebtedness Now Permitted” herein.

Pursuant to this authorisation, State law permits county governments to issue revenue bonds payable from user fees or charges, such as for utility systems, solid waste disposal facilities and systems, parking facilities and systems, healthcare facilities, and similar revenue-generating projects. South Carolina law also permits county governments to finance public infrastructure by means of tax increment financing and special assessment district financing. County governments that receive fee-in-lieu of tax payments from qualifying businesses may also issue special source revenue bonds payable from those payments. As of the date of this Official Statement, the County has no bonds outstanding pursuant to this authorisation.

The County is currently studying the continued delivery of solid waste disposal services, but has not developed a capital plan at this time. The County may issue additional solid waste user fee revenue bonds in the event the capital plan, when prepared, requires such funding, but it has no such plans at this time. See “-Anticipated Capital Needs” herein for further discussion of this issue.

County governments are also permitted to provide conduit private activity bond financing for qualifying industrial, pollution control, and healthcare facilities. Conduit revenue bonds are payable solely by the private conduit borrower, and are not an obligation of the county government which issues the bonds. Although the County has issued conduit bonds for various qualifying projects, none of these bonds are considered debt obligations of the County for legal, balance sheet, or accounting purposes. Consequently, no information is provided in this Official Statement regarding such bonds.

Debt Payment Record

The County has not issued any refunding bonds within the last 25 years for the purpose of preventing a default in the payment of the principal of or interest on securities then outstanding, nor have securities of the County been in default as to the payment of principal or interest or in any other material respect at any time within the last 25 years. The proceeds of the sale of securities have not within the last 25 years been used for operating expenses.

Anticipated Capital Needs

The County anticipates issuing \$25.0 million of the general obligation bonds in Fiscal Year 2019 for additional library projects and \$10.0 million in general obligation bonds for (1) the relocation of the Juvenile Detention Center and (2) radio equipment. In addition, the County may consider borrowing for additional projects near the end of the current five-year period.

Pursuant to a recent settlement, the County has agreed to acquire the former Charleston Naval Hospital (the “Naval Hospital”) in North Charleston for \$33 million. Following the receipt of a recommendation from County staff, the County Council will make a determination as to the funding sources to use for the acquisition of the Naval Hospital.

LEGAL MATTERS

Litigation

There is no litigation of any nature now pending or threatened to restrain or enjoin the sale, execution, issuance, or delivery of the Bonds or in any way contesting the validity of the Bonds or any proceedings of the County taken with respect to the authorisation, sale, or issuance of the Bonds or the pledge or application of any moneys provided for the payment of or security for the Bonds. Certifications to those effects will be delivered at the time of the original delivery of the Bonds.

The County has several matters in various stages of litigation, none of which challenge the validity of the Bonds offered hereby. In the opinion of the County Attorney, none of this litigation will have a materially adverse affect upon the County's ability to repay the Bonds offered hereby.

United States Bankruptcy Code

The undertakings of the County should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. 901, *et seq.*, as amended, and other laws affecting creditors' rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a state that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under the Chapter operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors or each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

Legal Proceedings and Disclosure Counsel

The legal proceedings relating to the issuance of the Bonds were prepared by Howell Linkous & Nettles, LLC, attorneys and counsellors at law, Charleston, South Carolina, whose approving opinion will be furnished without charge to the purchasers of the Bonds at the time of their delivery. The forms of Bond Counsel's opinions are set forth in APPENDIX C to this Official Statement.

Howell Linkous & Nettles, LLC have also served as disclosure counsel to the County regarding the issuance of the Bonds offered hereby. On delivery of the Bonds, Howell Linkous & Nettles, LLC will deliver an opinion letter as disclosure counsel addressed to the County and the Underwriter to the effect that (1) the Continuing Disclosure Undertaking on the part of the County satisfies the requirements of Rule 15c2-12, (2) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and (3) that, subject to their limited review, nothing has come to their attention that would lead them to believe that the Official Statement contains any untrue statement of material fact or omits to state any material fact necessary to make the statements made therein, in light of the circumstances under which they made, not misleading (except that no statement will be made regarding information on DTC or financial or statistical information contained in this Official Statement or in APPENDIX A hereto).

Certain legal matters will be passed upon for the County by Joseph Dawson, III, Esq., Charleston, South Carolina, Charleston County Attorney.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and

decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganisation, or other laws affecting the enforcement of creditors' rights generally.

Tax Treatment

In the opinion of Howell Linkous & Nettles, LLC, Charleston, South Carolina, Bond Counsel, under existing laws, regulations, rulings, and judicial decisions, and assuming compliance by the County with certain covenants, the interest on the Bonds is excludable from gross income for purposes of federal and South Carolina income taxation, except as discussed below. The proposed forms of the opinion of Bond Counsel with respect to the Bonds are set forth in APPENDIX C. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinions will speak only as of their date, and subsequent distribution of them by re-circulation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinions subsequent to its date.

The Internal Revenue Code of 1986, as amended (the "Code") imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal and South Carolina income tax purposes of interest on obligations such as the Bonds. The County has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Bonds will not be included in gross income for federal income tax purposes. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal and South Carolina income tax purposes, possibly from the date of original issuance of the Bonds. The opinions of Bond Counsel assume the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinions of Bond Counsel are not intended to, and may not, be relied upon, in connexion with any such actions, events, or matters.

The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to the particular owner of Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Bond Counsel is of the further opinion that interest on the Bonds is not treated as a preference item in calculating minimum taxable income for the purposes of the alternative minimum tax imposed by the Code on individuals and corporations. The Code provides, however, that a portion of the adjusted current earnings of certain corporations not otherwise included in alternative minimum taxable income will be included for purposes of calculating alternative minimum taxable income for such year. The adjusted current earnings of a corporation will include the amount of any income received that is otherwise exempt from taxes, such as interest on the Bonds.

Interest on the Bonds must also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income tax credit.

Legislation affecting municipal bonds is regularly under consideration by the United States Congress. Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realising the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

South Carolina Tax Exemption.

Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed at the rate of 4 ½% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue and Taxation require that “entire net income” includes income derived from any source whatsoever including interest on obligations of any state or political subdivision thereof. Interest on the Bonds will be included in such computation.

Limitations on Bond Counsel Opinion.

The opinions of Bond Counsel are based on current legal authority, cover certain matters not directly addressed by such authorities, and represent Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. They are not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

The opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connexion with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or any audit of bonds or notes presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the County or the Beneficial Owners to incur significant expense.

Bond Counsel expresses no other opinion with respect to the tax consequences of owning the Bonds. Bond Counsel has not undertaken to determine (or inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

In rendering their opinion, Bond Counsel will rely upon certificates of officials of the County with respect to certain material facts solely within their knowledge relating to the application of the proceeds of the Bonds.

[Original Issue Premium.

The Series 2017_ Bonds maturing in the years ____ to ____ (the “Premium Bonds”) have been sold at initial public offering prices which are greater than the principal amounts payable at maturity. The difference between the initial public offering prices to the public (excluding bond houses and brokers) at which price a substantial amount of each maturity of the Premium Bonds is sold and the amount payable at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortise any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortised, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognised for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed.

The owner of any Premium Bond should consult its own tax advisors with respect to the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connexion with the acquisition, ownership, and disposition of such Premium Bond.]

[Original Issue Discount.

In the opinion of Bond Counsel under existing law, the original issue discount in the selling price of Series 2017_ Bonds maturing in the years ____ to ____ (“Discount Bonds”), to the extent properly allocable to each Holder of such Discount Bonds, is excluded from gross income for federal income tax purposes with respect to such Holder. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Discount Bonds were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to a Holder of Discount Bonds who acquires the Discount Bonds in this offering during any accrual period generally equals (i) the issue price of Discount Bonds plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bonds (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bonds during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the Holder’s tax basis in such Discount Bonds. Any gain realised by a Holder from a sale, exchange, payment, or redemption of Discount Bonds would be treated as gain from the sale or exchange of such Discount Bonds.

Holders of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connexion with the acquisition, ownership, and disposition of Discount Bonds.]

MISCELLANEOUS

Financial Statements

The Comprehensive Annual Financial Report for Charleston County for the Year Ended June 30, 2016 (the “2016 Financial Statements”), is included in this Official Statement as Appendix A. The 2016 Financial Statements have been audited by Scott and Company LLC, Certified Public Accountants, as set forth in its report dated December 19, 2016. Scott and Company LLC has consented to the inclusion of its report in Appendix A, but has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness, or fairness of the statements made in this Official Statement, and no opinion is expressed by Scott and Company LLC, with respect to any event subsequent to its report dated December 19, 2016.

With respect to evaluating the ability of the County to make timely payment of debt service on the Bonds based on information contained in the 2016 Financial Statements, no representation is made that such information contains all factors material to such an evaluation or that any specific information should be accorded any particular significance. This Official Statement should be considered in its entirety and no one factor considered more or less important than any other solely by reason of its location herein.

Underwriting

Series 2017A Bonds

The Series 2017A Bonds have been purchased at a competitive sale from the County for resale by _____ (the “Series 2017A Underwriter”). The Series 2017A Underwriter has agreed, subject to certain conditions, to purchase the Series 2017A Bonds at a price of par plus an aggregate premium of \$ _____. The initial public offering prices of the Series 2017A Bonds are as shown on the front page of this Official Statement and

may be changed from time to time by the Series 2017A Underwriter. The Series 2017A Underwriter may also allow a concession from the public offering prices to certain dealers. The Series 2017A Underwriter has received no fee from the County for underwriting the Series 2017A Bonds. If all of the Series 2017A Bonds are sold at the public offering yields set forth on the cover page of this Official Statement, the Series 2017A Underwriter anticipates total selling compensation of \$_____.

Series 2017B Bonds

The Series 2017B Bonds have been purchased at a competitive sale from the County for resale by _____ (the "Series 2017B Underwriter"). The Series 2017B Underwriter has agreed, subject to certain conditions, to purchase the Series 2017B Bonds at a price of par plus an aggregate premium of \$_____. The initial public offering prices of the Series 2017B Bonds are as shown on the front page of this Official Statement and may be changed from time to time by the Series 2017B Underwriter. The Series 2017B Underwriter may also allow a concession from the public offering prices to certain dealers. The Series 2017B Underwriter has received no fee from the County for underwriting the Series 2017B Bonds. If all of the Series 2017B Bonds are sold at the public offering yields set forth on the cover page of this Official Statement, the Series 2017B Underwriter anticipates total selling compensation of \$_____.

Series 2017C Bonds

The Series 2017C Bonds have been purchased at a competitive sale from the County for resale by _____ (the "Series 2017C Underwriter"). The Series 2017C Underwriter has agreed, subject to certain conditions, to purchase the Series 2017C Bonds at a price of par plus an aggregate premium of \$_____. The initial public offering prices of the Series 2017C Bonds are as shown on the front page of this Official Statement and may be changed from time to time by the Series 2017C Underwriter. The Series 2017C Underwriter may also allow a concession from the public offering prices to certain dealers. The Series 2017C Underwriter has received no fee from the County for underwriting the Series 2017C Bonds. If all of the Series 2017C Bonds are sold at the public offering yields set forth on the cover page of this Official Statement, the Series 2017C Underwriter anticipates total selling compensation of \$_____.

Financial Advisor

First Tryon Advisors has acted as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Ratings

Application has been made to Fitch, Inc. ("Fitch"), Moody's Investors Service, Inc. ("Moody's"), and Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. ("S&P"), for ratings for this issue of Bonds. The Bonds have received the ratings of "AAA" from Fitch, "Aaa" from Moody's and "AAA" from S&P. An explanation of the significance of such ratings may be obtained from the respective rating agency furnishing the same. The County has furnished the rating agencies the information contained in this Official Statement and certain publicly available materials and information about the County. Generally, the rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of the rating agencies if, in their judgment, circumstances so warrant. Such circumstances may include, without limitation, changes in or availability of information relating to the County. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

CUSIP Numbers

At the written direction of the undersigned, a “CUSIP” identification number will be imprinted on the Bonds, but such number shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of or payment for the Bonds. In addition, failure on the part of the County to use such CUSIP number in notice to holders of the Bonds shall not constitute an event of default or similar violation of the County’s contract with such holders.

Continuing Disclosure

Rule 15c2-12. In order to assist the Underwriter of the Bonds to comply with the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“Rule 15c2-12”), the County will enter into separate Disclosure Dissemination Agent Agreements (collectively, the “Disclosure Dissemination Agreement”) for the benefit of the Holders of each Series of Bonds with Digital Assurance Certification, L.L.C. (“DAC”), under which the County has designated DAC as Disclosure Dissemination Agent. The form of the Disclosure Dissemination Agreement is set forth in APPENDIX D – FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENTS.

Under the Disclosure Dissemination Agreement, the County has undertaken for the benefit of the Holders of the respective Series of Bonds to provide annually financial information and operating data regarding the County, which is the only “obligated person” (within the meaning of the Rule) for whom financial information or operating data is provided in this Official Statement, by not later than nine months after the end of each fiscal year, commencing with the year ending June 30, 2016 (the “Annual Report”) for the Fiscal Year 2016. The Annual Report shall include, at a minimum, the financial information and operating data which is customarily prepared by the County and is publicly available. Under the Disclosure Dissemination Agreement, the County has also undertaken for the benefit of the Holders of respective Series of Bonds, to provide notices of certain enumerated events (the “Event Notices”) as provided in the Rule within the time frame required by the Rule. The Annual Reports and Event Notices will be filed with the Municipal Securities Rulemaking Board in the manner prescribed by the Rule. See APPENDIX D to this Official Statement for a more complete description of the County’s undertaking under the Rule.

The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent’s obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the County has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Report (including the financial statements contained therein), any Event Notices, or any Voluntary Report (as defined therein), or any other information, disclosures or notices provided to it by the County and shall not be deemed to be acting in any fiduciary capacity for the County, the Holders of the Bonds, or any other party. The Disclosure Dissemination Agent has no responsibility for the County’s failure to report to the Disclosure Dissemination Agent an Event Notice or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine nor liability for failing to determine whether the County has complied with the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the County at all times.

In connection with the issuance of the County's General Obligation Transportation Sales Tax Refunding Bonds of 2013 on May 21, 2013, the County did not promptly file with EMMA certain notices of defeasance. The County filed the escrow agreement related to the refunded bonds on May 23, 2013 and May 26, 2013, but the notices of defeasance were not filed until July 11, 2013. In connection with the issuance of the County’s Special Source Revenue Bonds, Series 2013, the County failed to include one schedule of operating data in its timely posted Annual Report for Fiscal Year 2013. The omitted data were included in the County’s timely posted Annual Report for Fiscal Year 2014. The County continues to engage DAC as a dissemination agent to assist it in remaining in compliance with its continuing disclosure undertakings.

State Law Requirement. Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended (“Section 11-1-85”), the County has covenanted to file with a central repository for availability in the secondary bond market when requested:

An annual independent audit within thirty days of the County’s receipt of the audit; and

Event specific information within thirty days of an event adversely affecting more than five percent of the revenues of the County.

The only remedy for failure by the County to comply with these covenants is an action for specific performance. Moreover, the County has specifically reserved the right to amend the covenants to reflect any change in Section 11-1-85 without the consent of any Bondholder.

Verification of Arithmetic and Mathematical Accuracy of Escrow

The accuracy of the mathematical computations of the adequacy of the amounts of maturing principal and interest on the Government Obligations and cash maintained in the Escrow Fund to pay, when and as due, all of the principal of, redemption premium, if any, and interest on the Refunded Bonds, to their first redemption or final maturity dates will be verified by Bingham Arbitrage Rebate Services, Richmond, Virginia (the “Verification Agent”). The Government Obligations deposited in the Escrow Fund will be purchased at interest rates such that the actuarial yield thereon (computed in accordance with the provisions of Section 148 of the Code and regulations applicable thereto) will not exceed the actuarial yield on the applicable Series of Bonds as determined under the Code and Regulations.

Conclusion

The execution of this Official Statement and its delivery have been duly authorised by the County.

CHARLESTON COUNTY, SOUTH CAROLINA

By: _____
Chief Financial Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2016

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

WITH
INDEPENDENT AUDITOR'S REPORT



PREPARED BY:

FINANCE DEPARTMENT

CARLA D. RITTER, FINANCE DIRECTOR
LAURIE HAGBERG, ASSISTANT FINANCE DIRECTOR
CHRISANNE PORTER, ACCOUNTANT

**COUNTY OF CHARLESTON, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2016**

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**COUNTY OF CHARLESTON, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2016**

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INTRODUCTORY SECTION





Keith Bustraan
County Administrator

843.958-4000
Fax: 843.958-4004
kbustraan@charlestoncounty.org
Lonnie Hamilton III Public Services Building
4045 Bridge View Drive, Suite B238
North Charleston, SC 29405

December 19, 2016

To the members of County Council and the citizens of Charleston County, South Carolina:

State law requires that all general-purpose local governments publish at the close of each fiscal year a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) for Charleston County, South Carolina, for the fiscal year ending June 30, 2016.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and fairness of presentation of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to ensure compliance with applicable laws, regulations and County policies, and safeguards the County's assets. It is designed to compile sufficient reliable information for the preparation of the County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and accurate in all material respects, and presents fairly the financial position and results of operations of the various funds and component units of the County.

Charleston County's financial statements have been audited by Scott and Company LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on auditor's judgment, including the assessment of risk of material misstatement to the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was sufficient and appropriate evidence for rendering an unmodified opinion that Charleston County's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Charleston County was part of a federally mandated "Single Audit" that is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Charleston County's separately issued *Supplemental Federal Financial Assistance Reports*.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement, and should be read in conjunction with MD&A. Charleston County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The County of Charleston was established by the state of South Carolina on April 9, 1948, under the provisions of Act 681 of 1942. The County operates under a Council-Administrator form of government under the S.C Home Rule Act of 1975. Policy-making and legislative authority is vested in a governing council consisting of nine Council members. The Council is elected to single member districts on a partisan basis.

Charleston County Council is responsible for, among other duties, passing ordinances and policies, approving the budget, appointing committee members, and hiring the County's Clerk of Council, County Administrator, and appointing the Internal Auditor and Attorney. The Administrator is responsible for implementing the policies and ordinances of the governing council, overseeing the day-to-day operations of government (except those services provided by countywide elected officials), and for appointing the heads of the various non-elected or appointed County departments. The County has approximately 2,500 employees.

Charleston County provides or supports a broad range of services that include, but are not limited to:

- Public safety - countywide law enforcement (Sheriff's Office), detention facilities, emergency preparedness plans to include activation of the County's Emergency Operations Center in an event of a disaster, as well as fire protection in the Awendaw McClellanville Consolidated Fire Protection District, the East Cooper Fire District, the West St. Andrew's Fire District, and the Northern Charleston County Fire District
- Veterans' assistance
- Health-related assistance - Emergency Medical Services (EMS), alcohol and other drug abuse services, indigent health care, and social services
- Voter registration
- Rural street and drainage maintenance and urban maintenance upon request of the municipalities
- Waste disposal and recycling
- Planning and zoning administration
- Criminal, civil, probate, and family court administration in county Magistrates' court and in State courts with the support of the elected Clerk of Court
- Public defender assistance funding to the Public Defender's office, run by an appointed official
- Property assessments, tax billing (Auditor's office), collection and disbursement to appropriate entities/municipalities (Treasurer's office)
- Mosquito control

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. The Charleston Development Corporation has been shown in the government-wide statements in the governmental activities, and in the fund financial statements in other governmental funds.

Discretely presented component units are reported in a separate column in the Statement of Net Position and in the Statement of Activities in order to emphasize that they are legally separate from the primary government, and to differentiate their financial position and results of operations from those of the primary government.

The following entities are being reported as discretely presented component units:

- Charleston County Library (CCL)
- Charleston County Park and Recreation Commission (CCPRC)
- Cooper River Park and Playground Commission (CRPPC)
- North Charleston District (NCD)
- St. Andrew's Parish Parks and Playground Commission (SAPPPC)
- St. John's Fire District (SJFD)
- St. Paul's Fire District (SPFD)
- Charleston County Volunteer Rescue Squad (CCVRS)

Additional information on these eight legally separate entities can be found in Note I.B. in the Notes to Financial Statements starting on page 60.

The annual budget serves as the foundation for Charleston County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the County's Budget Office by February 1 each year. The County Administrator presents the proposed budget to County Council for review during May. Council is required to hold public hearings on the proposed budget, and to adopt a final budget each year no later than June 30, which is the close of Charleston County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., Sheriff's Office).

The legal level of budgetary control is determined by County Council at the individual fund level. Expenditures by department, sub-organizational level, and major category (personnel, operating, and capital outlay) are further defined in the budget document. The County Administrator has the authority to make transfers between major expenditure categories within departments and between departments within the same fund. The Administrator has further delegated to five Deputy County Administrators the authority to transfer between departments under their authority. County Council may effect changes in fund totals through amendment to the budget ordinance or the County Administrator has the authority to change fund totals, with the exception of the general fund, if available sources (revenues, transfer in, and fund balance) differ from the budget.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 42-44 as part of the Basic Financial Statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the nonmajor governmental fund subsection of this report, which begins on page 149.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

Charleston County has a robust and thriving economy driven by continued investment and expansion in growth industries and the stability and diverse backbone of mature industries. Growth industries include: Advanced Manufacturing (Aerospace and Automotive); Information Technology (IT) and High Tech; Defense, Intelligence & Cybersecurity; Warehouse, Distribution and Logistics; Corporate Headquarters and Back office, Medical and Life Sciences. These industries have led Charleston County's distinguished Economic Development success in recent years and are forecast to continue positive growth. Mature industries include: the Port of Charleston, Hospitality and Tourism, Military, Higher Education and Manufacturing which provide a solid foundation to the region's economic climate.

Economic Conditions and Outlook for Charleston County's Growth Industries:

Advanced Manufacturing- Encompassing the Aerospace and Automotive sectors, advanced manufacturing

continues on a positive growth trajectory with the arrival of top-tier aerospace suppliers investing since Boeing landed. Boeing's success in Charleston has resulted in continued investment toward new capabilities and facilities such as a paint facility, a research and technology campus, a design center, and a propulsion operation. As both Mercedes-Benz Vans and Volvo both build their manufacturing facilities in the Tri-County region, a healthy automotive supplier network will emerge to support these facilities.

IT & High Tech- The IT and high tech industry is progressing with the leadership of organizations such as the Charleston Digital Corridor amongst other entrepreneurial endeavors, as the vision of the "Silicon Harbor" is being adapted because of rapid growth in this industry. These technology companies, like BoomTown!, are often considered "homegrown," because talent and capital investment are sourced locally. The popularity of events like DIG South represent obvious expansion in entrepreneurial resources and interest in Charleston County's High Tech sector.

Defense, Intelligence & Cybersecurity- Defense industry continues to thrive in Charleston with intelligence and cybersecurity leading the way. Investments from this industry have bolstered the area's intelligence community as organizations such as the Charleston Defense Contractors Association continue to strengthen and add local synergy to the dynamic industry. Space and Naval Warfare Systems Center (SPAWAR) Atlantic alone has a \$3.4 billion statewide economic impact and supports over 27,400 jobs with a payroll of \$1.3 billion.

Warehouse, Distribution and Logistics- Firms serving the growing aerospace and automotive clusters continue to locate in Charleston County. Further, approximately 20 million square feet of additional industrial distribution space is slated for construction in the Charleston region during the next few years.

Medical & Life Sciences Industry – Managing over \$230 million in annual research funding, the Medical University of South Carolina (MUSC) is a leading research and teaching hospital in the southeast. Technologies founded at MUSC have been the start to almost 40 new businesses in the area, while a Clemson University/MUSC partnership brings Clemson's engineering and MUSC's biomedicine capabilities together to foster a bioengineering knowledgebase in Charleston. Charleston continues to gain international recognition as an emerging biomedical market, and with the leadership of MUSC, Charleston is becoming a globally competitive location for biomedical business and talent.

The region's medical industry accounts for over ten percent of the area's total employment and is anchored by MUSC. The majority of this employment is currently in Charleston's seven area hospitals - five private regional hospitals, MUSC and the Ralph H. Johnson VA Medical Center. Charleston is home to more than 35 medical device and pharmaceutical manufacturers, and more than 50 research laboratories and development companies. Furthermore, the Foundation for Research Development is paving the way for investors, industry, and entrepreneurs to collaborate. MUSC's new \$350 million children's hospital is scheduled to open in 2019 as well.

Economic Conditions and Outlook for Charleston County's Mature Industries:

Port of Charleston – The Port of Charleston is the fourth largest container port along the U.S. East and Gulf Coasts while almost a quarter of the US population resides within 500 miles of Charleston, making the South Carolina Ports Authority (SCPA) a popular destination for outbound and inbound cargo. The SCPA is comprised of seaport facilities in the cities of Charleston, North Charleston and Georgetown. The SCPA owns and operates five facilities located in Charleston harbor and these facilities employ approximately 500 people. With facilities that handle containerized, break-bulk, project cargo and roll-on/roll-off cargoes, the SCPA annually handles system-wide shipments valued at \$63.6 billion and helps facilitate the employment of an estimated 260,800 residents of the State of South Carolina. The Port of Charleston's current \$2 billion capital improvement plan includes the only new container terminal on the East Coast and will expand capacity by 50 percent.

The Port of Charleston had a ten percent increase in cargo container volume in calendar year 2015. With the addition of the Inland Port in Greer, the Port of Charleston's reach is extended 212 miles inland and provides shippers with access to more than 95 million consumers within a one-day drive.

The Port of Charleston harbor deepening project will deepen the harbor to accommodate post-Panamax vessels that will have access to the East Coast once the Panama Canal expansion is completed. The construction phase is expected to begin in 2017, and will deliver a channel depth of 52 feet and entrance channel depth of 54 feet, as well as enlarged turning basins. Funding to deepen the harbor will come from both the Federal and State governments. The SCPA's fiscal year 2016 capital improvement program calls for \$165.6 million in development and enhancements of new and existing facilities, with \$73.3 million slated for the on-going construction of the new container terminal on the

former Navy Base. The new terminal is scheduled to open in 2019. “The harbor deepening project has progressed more quickly than any federal deepening project to date, with tremendous support by elected officials on all levels – local, state and federal – as well as business leaders and the community” (source:scspa.org).

Hospitality and Tourism Industry – With continued national recognition, the Charleston region attracted over 2.44 million visitors in 2015, up from 2.43 million visitors in 2014 generating an economic impact of \$3.68 billion. In 2015, hotel occupancy rates were 78.3 percent and the average daily rate for lodging was \$152.99. The average expenditure per visitor per trip was \$869. The hospitality industry directly employs 31,315 people in Charleston County, accounting for 15.9 percent of the workforce.

Restaurants in Charleston multiply and flourish, nourished by a constant flow of aspiring and accomplished chefs coupled with an increasingly affluent Charleston visitor. *The New York Times*, *Southern Living*, *Bon Appétit*, and *Wine Spectator* have all praised area restaurants where seafood, nouvelle and southern cooking predominate in the over 100 restaurants in downtown Charleston alone.

Charleston offers a vast array of festivals and events that bring tourists to the region. These include cultural events such as the annual Spoleto and Piccolo Spoleto festivals, as well as sports events like the Family Circle Cup (now Volvo Cars Open) tennis tournament, and the annual Cooper River Bridge Run.

In August 2012, the PGA Championship was held at Kiawah Island. Approximately 210,000 spectators visiting the Charleston area generated \$92 million in direct spending, \$26 million in labor income, and \$75 million in media exposure. The event was seen in 100 countries around the world. In 2015, the PGA announced that the 2021 PGA Championship will return to the Ocean Course on Kiawah Island.

Tourists arrive in Charleston from land, sea, and air. The region sees vast numbers of tourists who drive to Charleston for its charm and hospitality. In addition, the centrally located Charleston International Airport brings in tourists from around the world. The airport offers daily non-stop service to 19 cities and 24 airports in the United States and Canada. Carriers include American Eagle, Continental, Delta, JetBlue, United Express, US Airways and Southwest. In addition, Silver Airways started flying out of Charleston on March 19, 2015. Silver Airways is offering daily flights to Ft. Lauderdale, Tampa, and Orlando. New air service was added in November 2015. Alaska Airlines now offers flights between Charleston and Seattle. In addition, JetBlue offers daily nonstop service to Fort-Lauderdale-Hollywood (FLL) International Airport.

The Charleston International Airport saw a record number of arriving and departing passengers in 2015. A \$189 million expansion project added five new gates and an eight-lane consolidated security checkpoint in addition to other improvements to handle additional demand.

The past few years have seen the emergence of a new facet to Charleston's tourism market - the cruise ship industry. Both Carnival Cruise Lines and Celebrity Cruise Lines have chosen to make Charleston a departure and arrival point. In addition, many other cruise lines (Holland America, Oceana, Princess, Costa, P&O, Aida, Regent Seven Seas, and Crystal Cruises) bring their ships to Charleston as a port of call. The cruise business has an estimated \$37 million annual impact on the Charleston market. Carnival Cruise has added five more departures for the Carnival Sunshine. The Sunshine will offer cruises of between two and ten days between Charleston and ports in the Bahamas, St. Thomas, Antigua, Martinique, St. Kitts, and San Juan. In addition, Carnival will add Bermuda as a cruise destination next year.

Military - The military and the local military supply chain makes a significant annual economic impact to the region. There are 22,000 active-duty reserve personnel, civilians and civilian contractors employed in the region by the area's defense facilities. In total, the military provides an annual economic impact on the Charleston region estimated at \$6.4 billion.

The Air Force portion of Joint Base Charleston is one of three military transport service aerial ports on the Atlantic seaboard. It provides airlift support for military installations in Europe, Africa, the Middle East, and South America. The base is home to the 437th Airlift Wing and its squadron of over 50 C-17 transport planes that are currently serving a vital supply role to military personnel in the Middle East. The Naval Consolidated Brig which houses prisoners from all branches of the armed services is located on the Joint Base Charleston campus. The brig has 479 cells and can house 272 military prisoners.

SPAWAR, the Nuclear Power Training Command, the Nuclear Power Training Unit, and the Army's Combat Equipment Group Afloat and Surface Deployment Distribution Commands remain strong contributors to Charleston's defense industry.

Higher Education – There are 26 colleges and universities offering a range of two-year, bachelor's, master's, and doctoral degree programs in Charleston. The five largest are: Trident Technical College, with 15,043 students; the College of Charleston with 11,531 students; Charleston Southern University with an enrollment of 3,621; The Citadel with 3,506 students; and the Medical University of South Carolina with 2,992 students.

Trident Technical College's Aeronautical Studies division has made outstanding strides in preparing students for the aviation industry. Students choose one of three tracks; aircraft assembly, aircraft maintenance, or avionics. Construction of a 215,000 sq ft, \$79 million aeronautical training facility is scheduled to start in 2016 with completion in 2018. Primary funding for the project comes from the State and Charleston County.

Currently under construction, The Zucker Family Graduate Education Center will serve as the academic anchor of the Clemson University Restoration Institute (CURI). The center will offer graduate-level engineering courses and advanced degrees to engineers interested in new opportunities in the job market. The CURI campus is also home to the newest and most advanced wind-turbine drive train testing facility. The center is capable of full-scale highly accelerated mechanical and electrical testing of advanced drivetrain systems for wind turbines with a 7.5 MW and a 15 MW test bays, positioning Charleston as an energy innovation leader.

Meanwhile, the Lowcountry Graduate Center, a partnership of five universities across the state and located right off I-526 in North Charleston, opened the doors of their new facility to serve working professionals, enabling them "to grow their career right here in the greater Charleston area." (source:lowcountrygraduatecenter.com)

Manufacturing – In July of 2016, Mercedes-Benz Vans broke ground on an expansion project on their Sprinter Van facility at the North Charleston location. This \$500 million project will create 1,200 new manufacturing jobs. The U.S. is the second largest market for the Sprinter van.

MAJOR COUNTY INITIATIVES



Charleston County's Criminal Justice Coordinating Council (CJCC) has joined the White House's Data Driven Justice initiative to implement reforms to safely reduce the jail population and create a more effective local criminal justice system. This national initiative is a bipartisan coalition of 67 communities, the only one in South Carolina, who have committed to using data-driven strategies to provide alternatives to jail for low-level offenders with mental health and substance use disorders and to enhance the pretrial process. The CJCC's initiatives in jail reform were launched earlier when the John D. and Catherine T. MacArthur Foundation awarded the group \$2.25 million to implement reforms. Charleston County is one of 11 jurisdictions in the country that was chosen to receive funding and access to expert technical assistance to implement a plan for reform. The CJCC's goal is to reduce the jail population by 25 percent in the next three years.

With the support of the **Sheriff's Department**, the Turning Leaf Project began as a response to the lack of services for current and former inmates in Charleston, SC. Its intent is to change participant's attitudes, thinking, and behavior – moving them from antisocial to prosocial patterns. Twenty-seven men participated in the Turning Leaf Project this past year in lieu of prison. All 27 male participants were released from jail with employment, which supports them throughout the class time. Turning Leaf has earned public accolades, gained wide acceptance by the criminal justice system and demonstrated an impact on changing criminal patterns of behavior in program graduates.

Highlighting the theme, *Public Works Always There*, sponsored by the American Public Works Association, the **Public Works Department** conducted outreach activities to grow awareness and educate the general public about the value, necessity and careers of public works in our daily lives. Outreach efforts included:

- Book donations of *Chipper's Adventures in Public Works* to the 16 Charleston County Public Libraries.
- Presentations to Charleston County School District students and after-school program participants of Charleston County Libraries about the work Public Works performs including roads, drainage and water quality.

- Representatives sharing a story time reading of *Chippers Adventures in Public Works* with kindergarten and first grade students.
- Interactive activities with Stormwater and Mosquito Control for grades 2 through 5.

The **Zoning and Planning Department** was awarded a federal Historic Preservation grant from the National Park Service (administered by the South Carolina Department of Archives and History) to fund an update to the Charleston County Historical and Architectural Survey. Citizens were invited to a workshop for input to help identify potential properties for inclusion on the Historical and Architectural Survey. Economic development programs rely on survey information to attract investors to communities and to promote heritage tourism. Survey information provides educators, civic organizations, and interested citizens with a basis for learning about the history of their community and making decisions about the care of historic properties.

The **Community Development Department** sought input from citizens to identify community needs that were eligible for funding from the County's Urban Entitlement program through the U.S. Department of Housing and Urban Development (HUD). Data gathered from the survey assists County staff in ranking the needs eligible for funding, which will range from community infrastructure projects and rehabilitation of substandard housing to homeless shelter operations and affordable housing development.

The **Environmental Management Department** was awarded the *Snail Award* for raising awareness about the availability to compost restaurant food scraps. Area farmers purchase compost to apply to their soil and chefs purchase produce from local farmers, which closes the composting loop. Ultimately, organic waste is diverted from disposal in the landfill and is used to make Charleston County compost. The compost facility occupies 28 acres, employs 18 people and processes 100 percent of the yard waste generated and accepted at the landfill. Additionally, the County was the first in the state to initiate food waste composting.

The **Board of Elections and Voter Registration** partnered with the Charleston Charter School of Math and Science as part of a pilot program highlighting the *Vote in Honor of a Veteran* initiative. The 16 week program was embedded into the curriculum and included:

- A visit from a veteran who shared his experiences serving in the military and conveyed the importance of democracy and voting.
- An assignment for students based on that visit.
- A visit by a Board of Elections and Voter Registration representative who taught a lesson on voting procedures and gave students the opportunity to register to vote and sign up to be poll workers.
- A final veteran visit to the classroom along with a mock election for students.



The **Consolidated 9-1-1 Center** was recognized as the Communications Center of the Year for South Carolina by the South Carolina chapters of the National Emergency Number Association (NENA) and the Association of Public Safety Communications Officials (APCO). The annual award is presented to the center that has exemplified outstanding professionalism, leadership and innovation to the community and has contributed to the advances of Public Safety Communications through the use of technology, management and training of staff.

The Charleston County **Greenbelt Program**, funded by the Transportation Sales Tax approved in a county-wide referendum on November 2, 2004, has protected more than 20,000 acres of rural and urban land. Other important facts and figures:

- Total acres protected to date: 20,535 (16,736 in rural areas and 790 in the urban areas)
- Total funds awarded to date: \$94 million (\$67 million for rural projects and \$27 million for urban projects)
- \$76 million (81 percent of funds) was awarded to purchase 5,700 acres of public parks and green spaces.

Charleston County had the rare privilege of being selected as one of 20 communities across the nation to compete for the National Civic League's All-America City Award, and was the only County selected this year. Every year the Civic League selects the best communities across the nation to go to Denver, Colorado and be a part of a competition to select 10 All-America communities.



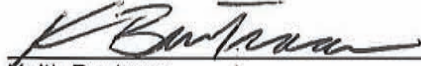
Awards and Acknowledgements:

Charleston County Government's offices, departments and employees have been honored with numerous awards and recognitions in FY 2016. These awards reflect Charleston County employees' dedication to providing the best services to our citizens.

- The **Human Resources Department** developed and implemented a series of Professional Development Programs open to all employees interested in improving their professional effectiveness. Additional events included on-site Lunch and Learns sessions with topics included Financial Wellness, Health, Nutrition, and Stress Reduction.
- The Charleston County Consolidated 9-1-1 Center was named the 2015 Communication Center of the Year for South Carolina by the South Carolina chapters of the National Emergency Number Association (NENA) and the Association of Public-Safety Communications Officials (APCO). The Center also earned reaccreditation by the International Academies of Emergency Dispatch (IAED) for its Emergency Fire Dispatch and Emergency Medical Dispatch.
- The Government Finance Officers Association of the United States and Canada (GFOA) awarded its **Certificate of Achievement for Excellence in Financial Reporting** for the 28th consecutive year to Charleston County for its Fiscal Year 2015 Comprehensive Annual Financial Report. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting given to governments that demonstrate a constructive "spirit of full disclosure" to communicate clearly the County's financial story. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that Charleston County's current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.
- Charleston County also received its 27th consecutive **Distinguished Budget Presentation Award** for its Fiscal Year 2016 budget from GFOA. According to the GFOA, the award reflects the commitment of Charleston County Government and its staff to meeting the highest principles of governmental budgeting. The award was given based not only on how well the County budgets its funds, but also on how well it communicates to the public how the money is spent. The Fiscal Year 2017 budget was submitted to the GFOA and we believe it will receive the award.
- Charleston County maintained its AAA bond rating with Standard & Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Charleston County's Finance Department. Special thanks go to the team headed by Carla Ritter, who with the assistance of Laurie Hagberg, Chrisanne Porter, and Barbara Ford of the Finance Department produced the Comprehensive Annual Financial Report, and coordinated the audit with the external auditors. Substantial contributions were also made by several financial staffs throughout the County: Mack Gile, and Catherine Ksenzak from the Budget Office; Andrew Smith and Julie Riley-Hollar from the Treasurer's Office; Lisa Murray from the Department of Alcohol and Other Drug Abuse Services; Jean Sullivan from Grants Administration; Jackie Proveaux from the Public Works Department; and Reggie Fuller of the Economic Development Office. Substantial assistance also came from the staff members of the County Administrator and Deputy Administrator for Finance. Thanks are also extended to the staff of Scott and Company LLC, the external auditors, for their efforts in assisting the County produce this Comprehensive Annual Financial Report.

In addition, Charleston County staff would like to acknowledge the leadership and support of Charleston County Council in making this report possible.



Keith Bustran
County Administrator



Corine Altenhein
Deputy Administrator for Finance



Carla Ritter
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Charleston
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

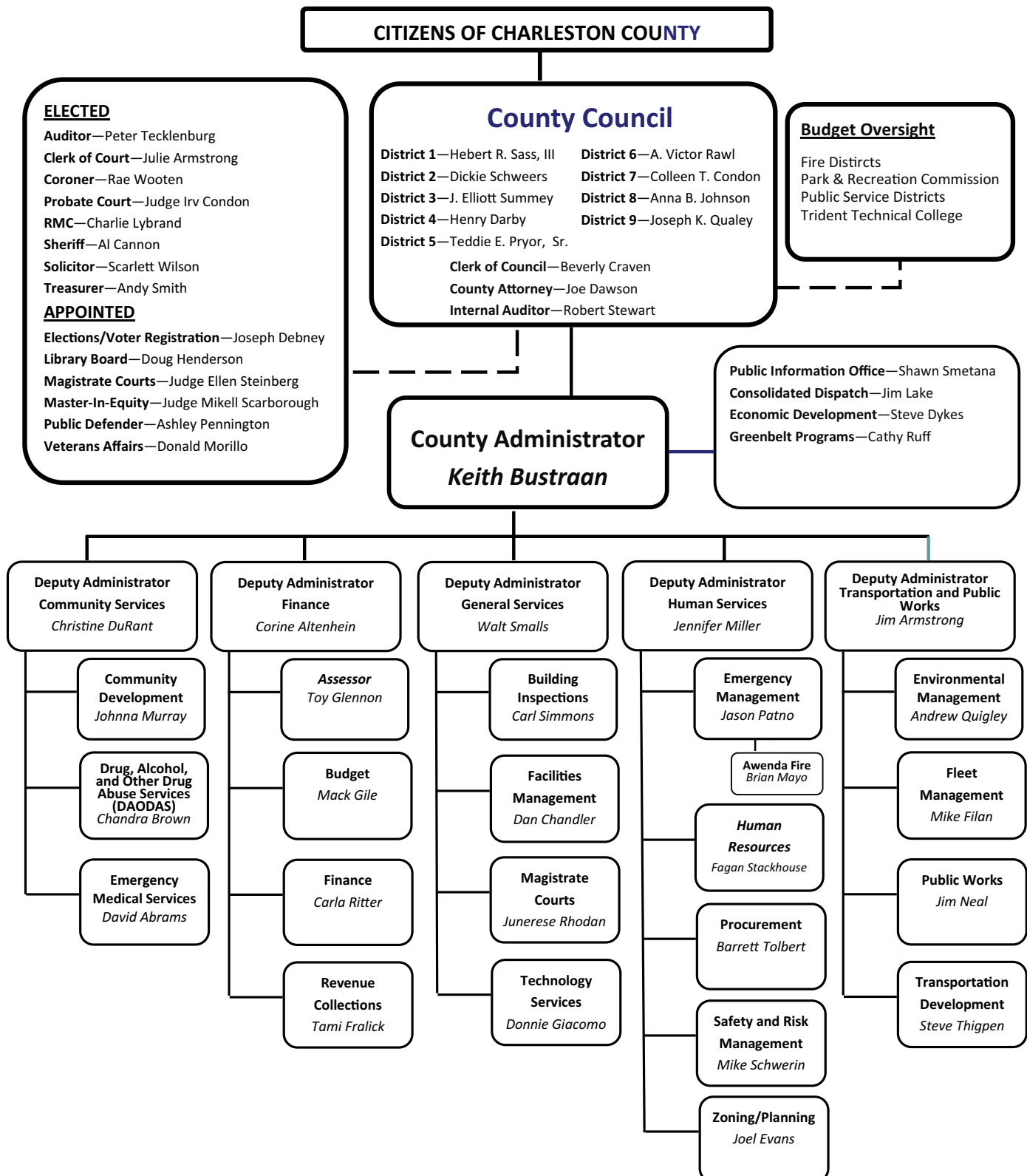
June 30, 2015



Executive Director/CEO

Charleston County, South Carolina

Organizational Chart—County Departments



COUNTY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL OFFICIALS
For the Year Ended June 30, 2016

MEMBERS OF COUNTY COUNCIL

	<u>Year's in Office</u>	<u>Term Expiration Date</u>	
J. Elliott Summey	7 ^{1/2}	12/31/2016	Chairman District 3
A. Victor Rawl	7 ^{1/2}	12/31/2016	V. Chairman District 6
Herbert R. Sass, III	5	12/31/2018	District 1
Henry D. Schweers	9 ^{1/2}	12/31/2018	District 2
Henry E. Darby	11 ^{1/2}	12/31/2016	District 4
Teddie E. Pryor, Sr.	11 ^{1/2}	12/31/2018	District 5
Colleen T. Condon	11	12/31/2016	District 7
Anna B. Johnson	5 ^{1/2}	12/31/2018	District 8
Joseph K. Qualey	5 ^{1/2}	12/31/2018	District 9

ELECTED OFFICIALS

Peter Tecklenburg	3	6/30/2017	Auditor
Julie J. Armstrong	24 ^{1/2}	12/31/2016	Clerk of Court
Rae Wooten	10	12/31/2016	Coroner
Irvin G. Condon	22 ^{1/2}	12/31/2018	Probate Court
Charlie Lybrand	22 ^{1/2}	12/31/2018	Register Mesne Conveyance
James A. Cannon, Jr.	28 ^{1/2}	12/31/2016	Sheriff
Scarlett A. Wilson	9	12/31/2016	Solicitor
Andrew Smith	19	6/30/2017	Treasurer

OTHER OFFICIALS

	<u>Years with County</u>	<u>Years in Current Position</u>	
Keith D. Bustraen	29 ^{1/2}	1 yr	County Administrator
Walter L. Smalls	17	10	Deputy Admin Gen Svcs
Jennifer Miller	28	9	Deputy Admin Human Svcs
Jim Armstrong	28	2 yrs	Deputy Administrator Transportation & Public Works
Christine DuRant	26 ^{1/2}	2 yr	Deputy Administrator Community Services
Corine Altenhein	26	1 yr	Deputy Administrator Finance
Carla Ritter	15	1 yr	Finance Director

FINANCIAL SECTION



Independent Auditor's Report

To the Charleston County Council
County of Charleston, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, other than the financial statements of the aggregate discretely presented component units, and the budgetary comparison schedule of the general fund, of the County of Charleston, South Carolina (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's non-major governmental, enterprise, internal service, and agency funds, and the respective budgetary comparison schedules for the special revenue funds, presented as supplementary information in the accompanying combining financial statements and schedules, as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison schedule for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, enterprise, internal service, and agency fund of the County as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the special revenue funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The victim notification schedule of fines, assessments, and surcharges collected on page 160 as well as the schedules of capital assets used in the operation of governmental funds on pages 180 and 181 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the victim notification schedule of fines, assessments, and surcharges collected as well as the schedules of capital assets used in the operation of governmental funds are fairly stated, in all material respects in relation to the financial statements as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Scott and Company LLC

Columbia, South Carolina

December 19, 2016 (except for note I.V.L., which is dated October 20, 2017)

Management's Discussion and Analysis

As management of Charleston County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Charleston County for the fiscal year ended June 30, 2016. The Management Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, providing an overview of the County's financial activity, and identifying changes in the County's financial condition, material deviations from the financial budget and individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2 through 10 of this report, and the County's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the County at June 30, 2016 by \$138,654 (net position.) This is comprised of net investment in capital assets of \$157,818, restricted net position of \$122,098 and unrestricted net position of (\$418,570). The unrestricted net position deficit was primarily due to implementing Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* (GASB #68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* (GASB #71) in the fiscal year ending June 30, 2015.
- Charleston County's total net position increased by \$19,393 during the fiscal year ended June 30, 2016, with an \$18,523 increase resulting from governmental activities and an \$870 increase resulting from business-type activities.
- As of the close of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$297,109, which is a \$7,279 increase from the prior year. Approximately 17.88 percent or \$53,131 of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) for the general fund was \$59,449 or approximately 31 percent of the total general fund disbursements. Unassigned fund balance of the general fund was \$53,131, or approximately 28 percent of total general fund disbursements.
- The County implemented GASB #68 and GASB #71 in the fiscal year ended June 30, 2015. These Statements require the County to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for their participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and actual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. The County's net pension liability at June 30, 2016 was \$211,933.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Charleston County's basic financial statements which are comprised of three sections:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains required supplementary and other supplementary financial information in addition to the basic financial statements.

Government-wide Financial Statements. Government-wide financial statements are designed to provide readers with a broad overview of the financial position of Charleston County and are similar to private sector financial statements. They include a Statement of Net Position and a Statement of Activities. These statements appear on pages 34 through 36 of this report.

The Statement of Net Position presents financial information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position.

The Statement of Activities follows the statement of net position and presents information showing how the County's net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in future fiscal periods.

Both statements distinguish between functions of Charleston County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, public safety, judicial, public works, health and welfare, economic development, culture and recreation, and education. Major business activities include environmental management (recycling and waste disposal) and parking garages. Other business-type activities include the Department of Alcohol and Other Drug Abuse Services (DAODAS), a countywide E-911 communication system, public safety system, radio communications, and revenue collections.

Charleston County's government-wide financial statements include component units of the County. Component units can be blended or discretely presented. Component units are legally separate organizations for which the primary government is financially accountable and are presented as a separate column in the government-wide statements and as combining statements of net position and of activities in the fund financial statements. The focus of the statements is clearly on the primary government and the presentation allows the user to address the relative relationship with the component units. For those readers interested in more information on the component units, contact information is provided in Note I. B. on pages 60 through 62 of this report.

The government-wide financial statements can be found on pages 34 through 36 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Charleston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Charleston County government can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds. Governmental funds, presented on pages 38 through 41, essentially account for the same functions as those reported under the governmental activities on the government-wide Statement of Net Position and Statement of Activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Charleston County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison.

Governmental funds individually presented in Charleston County's statements include four major funds: the General Fund, the Debt Service Fund, the Transportation and Road Sales Tax Special Revenue Fund, and the Special Source Revenue Bond Fund. Although there are many smaller governmental funds in Charleston County government, they have been presented in a total column termed as "Other Governmental Funds". Combining statements for these other governmental funds have been presented on pages 137 through 147 of this report.

Proprietary Funds. Charleston County maintains and presents two different types of proprietary funds, enterprise and internal service, shown on pages 45 through 50 and pages 163 through 174 of this report.

Enterprise funds report in greater detail the same information presented as business-type activities in the government-wide financial statements for Environmental Management and Parking Garages. DAODAS, E-911 Communications, Public Safety System, Radio Communications, and Revenue Collections are presented in one total column termed as "Non-major Other Funds" but may be separately reviewed in the combining statements on pages 163 through 168.

Internal service funds (ISFs) are an accounting mechanism to accumulate and allocate costs internally for Charleston County Government. The County uses internal service funds to account for Fleet Management, Office Support Services, Workers' Compensation, Employee Benefits, and Telecommunications. See pages 170 through 174 of this report. ISFs have been eliminated on the Statement of Net Position.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Charleston County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 176 through 178 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. Notes are presented on pages 58 through 123 of the report.

Other Information. Individual statements, which present more detailed views of non-major funds used in governmental and business-type funds, begin on page 137. Additional trend information about the County, which may be of interest to the reader, is found under the Statistical Section of this report, starting on page 184. As required by the State, the County also presents a Schedule of Fines, Assessments, and Surcharges Collected on page 160.

This report also presents required supplementary financial information concerning the County's progress in funding its obligation to provide other postemployment benefits (OPEB) to its employees and the proportionate share of the net pension liability. Required Supplementary Financial Information can be found starting on page 126.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Charleston County, liabilities and deferred inflows exceeded assets and deferred outflows by \$138,654 at the close of fiscal year 2016. This was an increase of \$19,393 or 12 percent during fiscal year 2016.

A portion of the County's net position, \$157,818, is net investment in capital assets (e.g., land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities.

An additional portion of the County's net position, \$122,098, represents resources that are subject to external restrictions on how they may be used. These include funds for road projects, construction/purchase of capital assets, and debt service.

Unrestricted net position is (\$418,570), indicates the portion of net position which can be used for day-to-day operations without constraints established by legislation or other legal requirements. This balance is negative as the County has borrowed and expended funds on state and municipal roads. The debt is County debt but the assets improved/created do not belong to the County. The recognition of the County's net pension liability as required by GASB #68 and GASB #71 has contributed to this negative unrestricted net position.

At the end of 2016, the County had positive balances in two of the three categories of net position for the primary government. As stated above, the unrestricted net position is negative as the County has issued GO bonds for roads and greenbelt projects in the transportation sales tax fund. The roads are not County roads and the greenbelt funds are used by other local governments, therefore those assets are not shown on the County's statements. An additional factor of the negative unrestricted net position was the implementation of GASB #68 and GASB #71 during the fiscal year end June 30, 2015.

Charleston County's Net Position
June 30, 2016
(Recapped from page 34)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
Current, restricted and other assets	\$ 535,773	\$ 524,453	\$ 80,772	\$ 80,263	\$ 616,545	\$ 604,716
Capital assets	310,873	309,249	54,525	52,721	365,398	361,970
Total Assets	846,646	833,702	135,297	132,984	981,943	966,686
Total deferred outflows of resources	59,034	35,414	-	-	59,034	35,414
Long-term liabilities outstanding	721,968	726,668	6,406	8,096	728,374	734,764
Other liabilities	247,890	227,932	9,187	6,054	257,077	233,986
Total liabilities	969,858	954,600	15,593	14,150	985,451	968,750
Total deferred inflows of resources	194,180	191,397	-	-	194,180	191,397
Net Position:						
Investment in capital assets	103,293	106,150	54,525	52,721	157,818	158,871
Restricted for:						
Capital projects	90,399	7,821	-	-	90,399	7,821
Debt service	18,085	17,017	-	-	18,085	17,017
General government	165	238	-	-	165	238
Law enforcement	6,325	4,000	-	-	6,325	4,000
Judicial	3,107	3,220	-	-	3,107	3,220
Health and welfare assistance	377	385	-	-	377	385
Economic development	2,849	2,777	-	-	2,849	2,777
Tourism related	791	2,073	-	-	791	2,073
Unrestricted	(483,749)	(420,562)	65,179	66,113	(418,570)	(354,449)
Total net position	\$ (258,358)	\$ (276,881)	\$ 119,704	\$ 118,834	\$ (138,654)	\$ (158,047)

⁽¹⁾ The County implemented GASB 68 and GASB 71 in FY2015.

The County's net position increased by \$19,393 during fiscal year 2016. The governmental activities had an increase in net position of \$18,523. For the 2016 fiscal year, the County's total millage rate increased by 2.4 percent, an increase of 4.4 mills. The collection rate for real and personal property increased by 3.72 percent.

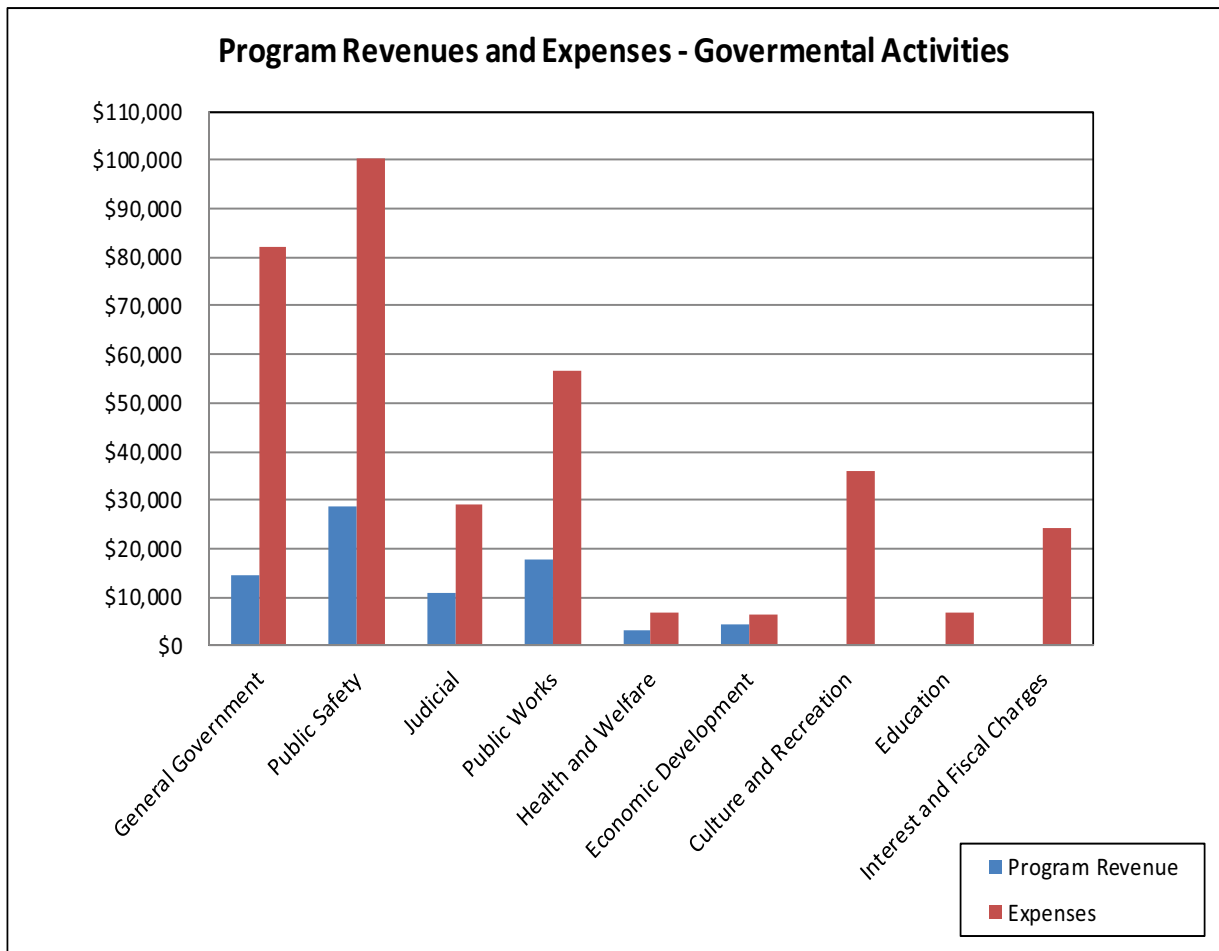
County of Charleston, South Carolina
Changes in Net Position (Recapped from pages 35 and 36)
For the Fiscal Year Ended June 30, 2016

	Governmental Activities		Business-Type Activities		Total	
	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
Revenues						
Program Revenues:						
Charges for services	\$ 47,606	\$ 47,457	\$ 43,987	\$ 45,145	\$ 91,593	\$ 92,602
Operating grants and contributions	32,292	26,992	1,116	1,009	33,408	28,001
Capital grants and contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	142,718	120,790	-	-	142,718	120,790
Other taxes and fees	131,682	123,989	707	549		124,538
State aid to political subdivisions	12,986	13,152	-	-	12,986	13,152
Unrestricted investments earnings	1,180	1,201	301	132	1,481	1,333
Gain on sale of capital assets	313	-	14	85	327	85
Total Revenues	368,777	333,581	46,125	46,920	282,513	380,501
Program Expenses						
Governmental Activities:						
General government	82,067	76,386	-	-	82,067	76,386
Public safety	100,145	101,118	-	-	100,145	101,118
Judicial	28,929	28,308	-	-	28,929	28,308
Public works	56,531	65,384	-	-	56,531	65,384
Health and welfare	6,920	6,436	-	-	6,920	6,436
Economic development	6,497	2,747	-	-	6,497	2,747
Culture and recreation	35,967	35,232	-	-	35,967	35,232
Education	6,666	6,103	-	-	6,666	6,103
Interest and fiscal charges	24,238	26,246	-	-	24,238	26,246
Business-Type Activities:						
DAODAS	-	-	9,388	7,935	9,388	7,935
E-911 communications	-	-	2,715	2,730	2,715	2,730
Environmental management	-	-	27,115	23,053	27,115	23,053
Parking garages	-	-	2,427	2,036	2,427	2,036
Public safety system	-	-	441	380	441	380
Radio communications	-	-	3,680	3,351	3,680	3,351
Revenue collections	-	-	1,783	1,332	1,783	1,332
Total Expenses	347,960	347,960	47,549	40,817	395,509	388,777
Excess (deficiency) of revenues before transfers over (under) expenses	20,817	(14,379)	(1,424)	6,103	19,393	(8,276)
Transfers	(2,294)	(1,437)	2,294	1,437	-	-
Increase (Decrease) in Net Position	18,523	(15,816)	870	7,540	19,393	(8,276)
Net position, beginning ⁽¹⁾	(276,881)	(261,065)	118,834	111,294	(158,047)	(149,771)
Net Position, ending	\$ (258,358)	\$ (276,881)	\$ 119,704	\$ 118,834	\$ (138,654)	\$ (158,047)

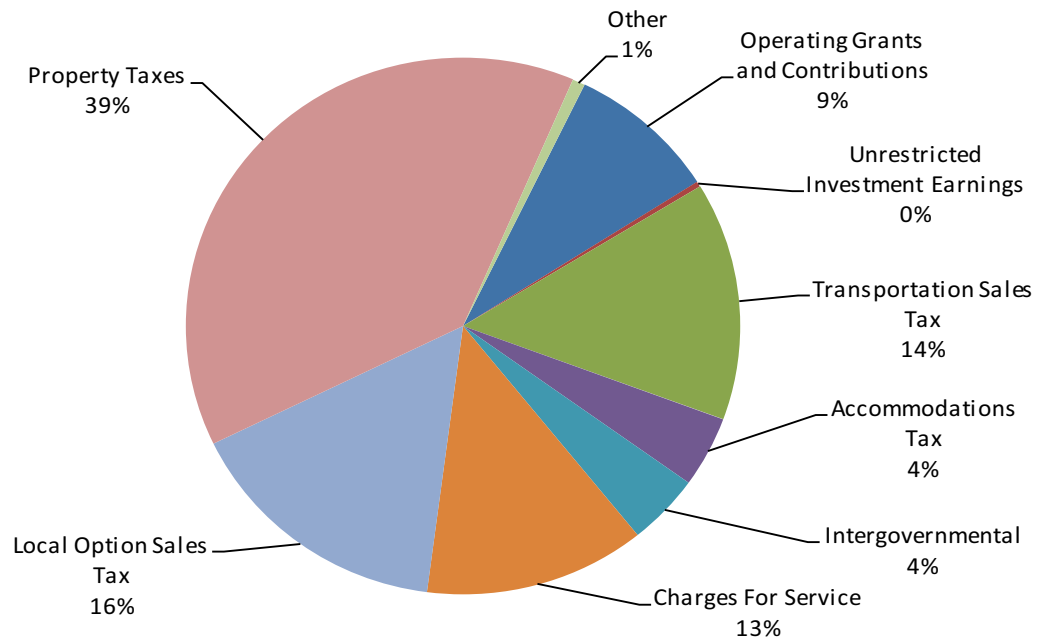
⁽¹⁾ The County implemented GASB 68 and GASB 71 in FY2015.

Governmental Activities. Governmental activities increased the County's net position by \$18,523. The key elements of the increase are:

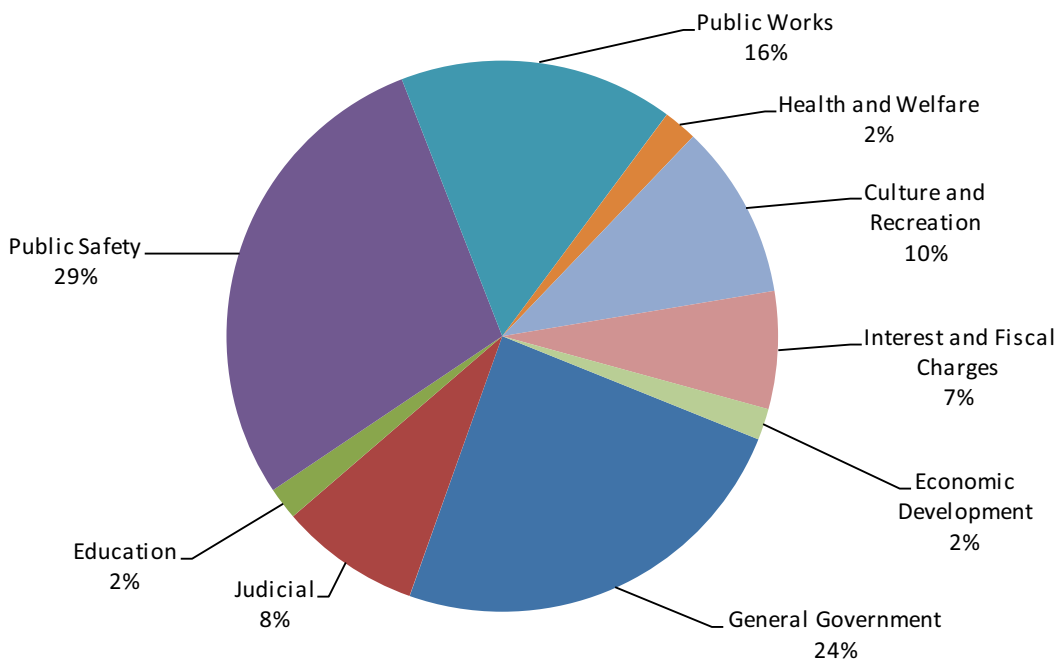
- Property tax revenue increased \$21,928 (18.15 percent) primarily due to an increase in the millage rates and an increase in the County's collection rates.
- Other taxes and fees increased \$7,693 (6.2 percent) due to increased sales in Charleston County. This includes accommodations tax, local option sales tax and transportation sales tax.
- Operating grants and contributions increased \$5,300 (19.6 percent) due to several new grants for public safety and economic development.
- Total governmental activities expenses did not increase.



Revenues by Source - Governmental Activities

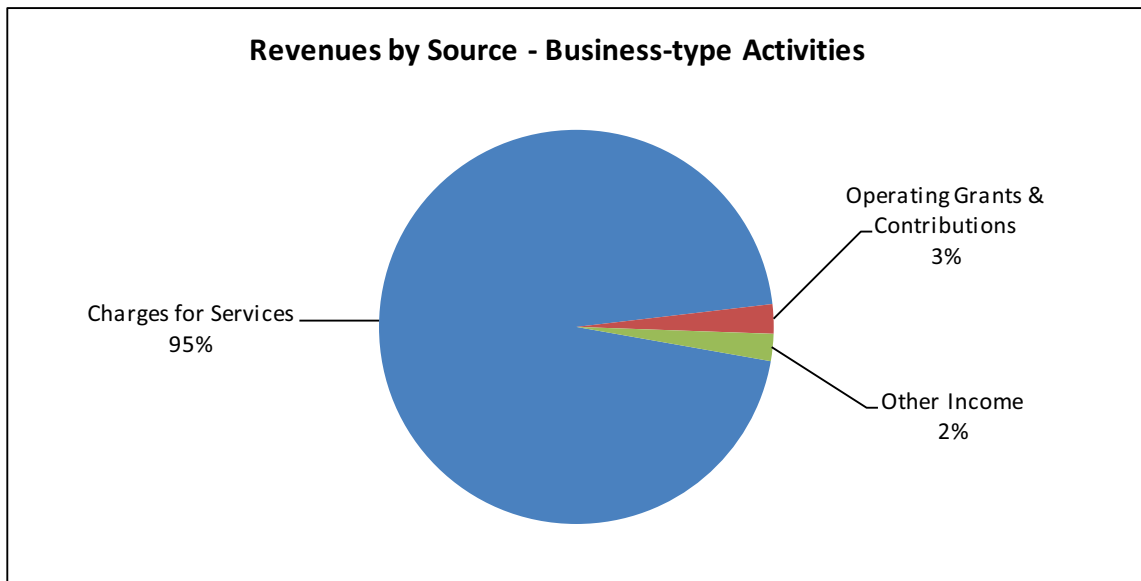


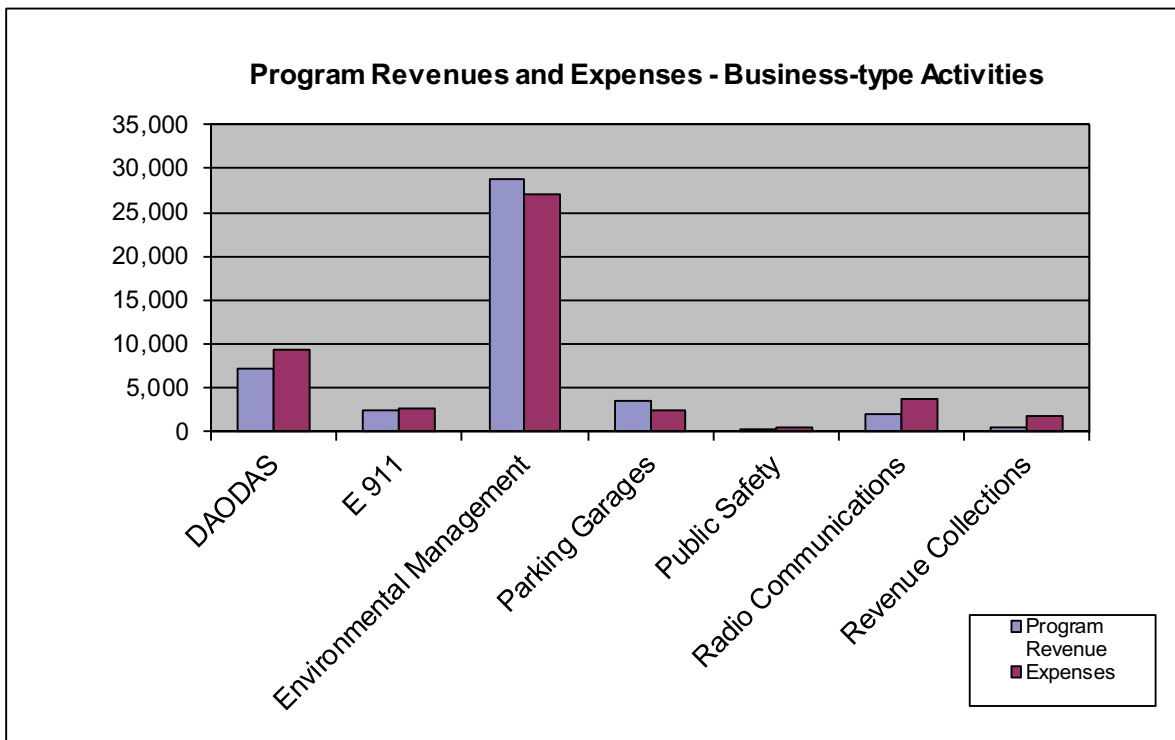
Expenses by Program - Governmental Activities



Business-type Activities. Business-type activities increased the County's net position by \$870. The key element of this increase was:

- The operating transfers in increased by \$857 (59.64 percent) primarily in the Radio Communications fund.
- Unrestricted investment earnings increased by \$169 (128 percent) due to higher interest rates.
- Other fees increased by \$158 (28.77 percent) due to an increase in alcohol beverage tax received from the State.
- Overall, expenses for the business-type activities increased by \$6,732 (16.49 percent). This increase was primarily in the Environmental Management fund. Operating expenses in this fund increased \$5,126 with the largest increases in fleet expenses \$1,739, contracted services \$1,626 and post landfill closure costs \$1,036.





Financial Analysis of the Government's Funds

As noted earlier, Charleston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$297,109, an increase of \$7,279 in comparison with the prior year. This increase is due to several factors, including an increase in property taxes levied and collected of \$28,306. The general government expenditures increased \$8,232. The largest increase in the general government expenditures were facilities management \$1,398 and transportation sales tax expenditures of \$6,792.

The ending fund balance of \$297,109 for the governmental funds is composed of five components: unassigned fund balance of \$53,131, assigned fund balance of \$6,318, committed fund balance of \$56,298, restricted fund balance of \$180,585 and non-spendable fund balance of \$777.

Unassigned fund balance accounts for approximately 17.88 percent or \$53,131 of the total fund balance. Unassigned fund balance is available for spending at Charleston County's discretion.

Assigned fund balance for the current fiscal year is \$6,318 or 2.13 percent of ending fund balance. Assigned fund balance includes \$2,256 which was encumbered at the end of fiscal year 2016. Assigned fund balances are intended to be used by Charleston County for specific purposes.

Committed fund balance is \$56,298 or 18.95 percent of ending fund balance and is comprised of the fund balances in the capital project funds. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of County Council.

The restricted fund balance totals \$180,585 or 60.78 percent of ending fund balance. The major restricted fund balances are for: 1) Capital and infrastructure projects of \$148,886, 2) debt service of \$18,085, 3) \$6,325 for law enforcement activities (primarily comprised of balances in the Sheriff's office), and 4) \$3,107 for judicial services (primarily balances in the Solicitor's office). The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Non-spendable fund balance is \$777. Non-spendable fund balance accounts for inventories recorded in the general fund.

General Fund. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$53,131 while total fund balance reached \$60,227. Unassigned fund balance is made up of two components: the rainy day fund and all other unassigned fund balance. The rainy day fund totals \$8,363. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund disbursements. Unassigned fund balance represents 28 percent of total general fund disbursements, while total fund balance represents 32 percent of that same amount. This meets the County's financial policy of maintaining an unassigned fund balance of 2 months of expenditures. Excluding the rainy day fund from the calculation, unassigned fund balance is 23.8 percent of disbursements, which also meets the financial policy. There was an increase of \$6,444 in the total fund balance of the general fund during the current year. Highlights of the general fund were as follows:

Revenues were \$21,232 or 11.23 percent higher than the previous fiscal year.

- Property taxes collected increased \$22,191 or 14.75 percent.
- Services charges decreased \$3,350 or 13.50 percent.
- Intergovernmental revenues increased \$1,738 or 7.60 percent.
- Other revenues were up \$652.

Expenditures increased by \$6,337 or 3.49 percent.

- Public Safety expenditures were up \$1,147 or 1.33 percent.
- General Government expenditures increased \$3,696 or 7.38 percent.

Debt Service Fund. The debt service fund balance is \$18,085 and is \$1,068 or 6.28 percent higher than the prior fiscal year.

Transportation and Road Sales Tax Special Revenue Fund. This fund balance was decreased \$25,420 or 25.65 percent from the prior fiscal year. The County has several major road projects that were in the construction process during fiscal year 2016.

Special Source Revenue Bonds. These bond proceeds will be used to defray the costs of design and construction of an extension of South Aviation Avenue in North Charleston, pay capitalized interest on the Bonds through December 1, 2016, and pay the costs of issuance of the Bonds. The fund balance at fiscal year-end was \$80,043 which is a \$6,170 decrease from the prior fiscal year.

Other Governmental Funds. The other governmental funds had an increase in fund balance of \$31,358 or 93 percent from the prior fiscal year.

Non-major Capital Projects Funds. The non-major capital projects funds reflect a total fund balance of \$31,849 and are shown on pages 140 through 141 and 147 through 148. The fund balance for the non-major capital projects funds increased \$21,045 in fiscal year 2016. The increase is in the GOB capital projects fund which is due to the issuance of general obligation bonds.

Non-major Special Revenue Funds. The non-major special revenue funds have a combined total fund balance of \$34,213, all classified as restricted. Non-major special revenue funds are shown on pages 137 through 140, and 143 through 146. The fund balance for the non-major special revenue funds increased \$10,312 from the prior year. The largest increase in fund balance is \$9,389 in the Construction Public Works fund which accounts for the receipt of State gasoline tax funds earmarked for local road maintenance.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Total net position for the enterprise funds at June 30, 2016, is \$81,010 (before the elimination of internal service fund charges and indirect costs.) The major funds are environmental management and the parking garages with total net position of \$78,075. The non-major proprietary funds have total net position of \$2,935. These funds include DAODAS, E-911 communications, radio communications, public safety systems, and revenue collections. See pages 45 through 50 and pages 163 through 168 for the proprietary funds statements.

As of the end of the current fiscal year, Charleston County's enterprise funds reported combined ending net position of \$81,010 (before internal eliminations), a decrease of \$4,004 or 4.71 percent in comparison with the prior year. Environmental Management had a decrease of \$1,139. This decrease was primarily due to an increase in operating expenses.

General Fund Budgetary Highlights

During fiscal year 2016, the Administrator made adjustments to the budget in accordance with the guidelines contained in the budget ordinance.

Actual revenues and transfers in were \$7,543 over the final budget. The most significant revenue variances are outlined below:

- Service charges were over budget by \$3,147. Emergency Medical Services charges were over budget by \$1,845 due to expanding service demands and improved collections. RMC charges exceeded budget by \$489 due to the increased volume of recorded real estate transactions. Zoning fees and building permits charges were \$622 over budget due to an increase in construction.
- Property and local option sales taxes were over budget by \$3,558 due to very conservative growth projections.

Actual expenditures and transfers out were \$9,623 under the final budgeted amounts. The most significant contributions to this variance were the following:

- Technology Services was \$1,538 under budget, Facilities was \$2,895 under budget and Public Safety was \$1,983 under budget.

Capital Asset and Debt Administration

Capital Assets. Charleston County's net investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$309,249 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, bridges and drainage easements. The County's net investment in capital assets increased \$3,428 or .95 percent for the current year. The depreciation expense decreased by \$1,588 or 6.18 percent.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and easements	\$ 34,385	\$ 30,378	\$ 6,915	\$ 6,915	\$ 41,300	\$ 37,293
Buildings	229,158	235,654	16,324	16,943	245,482	252,597
Improvements other than buildings	2,222	2,320	16,514	12,223	18,736	14,543
Machinery and equipment	38,625	36,692	13,584	12,816	52,209	49,508
Infrastructure	5,867	4,118	-	-	5,867	4,118
Construction in progress	616	87	1,188	3,824	1,804	3,911
Total	<u>\$ 310,873</u>	<u>\$ 309,249</u>	<u>\$ 54,525</u>	<u>\$ 52,721</u>	<u>\$ 365,398</u>	<u>\$ 361,970</u>

Additional information on the County's capital assets can be found in Note III. C. on pages 79 through 83 of this report.

Long-Term Debt. At the end of the current fiscal year, Charleston County had bonded debt outstanding of \$651,462. Of this amount, \$558,782 comprises debt backed by the full faith and credit of the government (general obligation bonds) and \$92,680 is Special Source Revenue Bonds to be repaid with FILOT payments.

In addition to the bonded debt, Charleston County signed a contract with the S.C. Infrastructure Bank to pay \$3,000 a year starting on January 1, 2004, for a period of 25 years as the County's commitment toward the new Arthur Ravenel, Jr. Bridge over the Cooper River. As of June 30, 2016, this obligation is recorded at a net present value of \$25,528 using a discount rate of 5.7 percent. This is the same rate the Bank is repaying its loan from the federal government, using the money received from the County.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 558,782	\$ 564,130	\$ -	\$ -	\$ 558,782	\$ 564,130
Special source revenue bonds	92,680	93,023	-	-	92,680	93,023
Intergovernmental note payable	<u>25,528</u>	<u>26,982</u>	<u>-</u>	<u>-</u>	<u>25,528</u>	<u>26,982</u>
Total	<u>\$ 676,990</u>	<u>\$ 684,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676,990</u>	<u>\$ 684,135</u>

The County's total bonded debt decreased by \$7,145 (10.44 percent) during the current fiscal year.

The County's GOBs were rated Aaa by Moody's Investors Service, AAA by Standard & Poor's Ratings Service, and AAA by Fitch Ratings.

South Carolina statutes limit the amount of general obligation (G.O.) debt a governmental entity may issue (without referendum) to 8 percent of its total assessed value. The current available G.O. debt limit for Charleston County is \$296,952. The outstanding debt at June 30, 2016 subject to the debt limitation is \$103,382. This would indicate that the County has not exceeded its limit.

Additional information on the County's long-term debt can be found in Note III. I. on pages 86 through 98 of this report.

Economic Factors and Next Year's Budget Rates

The fiscal year 2017 General Fund budget is a balanced budget. Total disbursements are \$216,310, an increase of \$1,562 or 0.7 percent from the prior year. In a departure from past years, the budget does not use fund balance for pay-as-you-go capital projects and other one-time expenditures. The millage is 44.7, which is unchanged from fiscal year 2016. The local option sales tax credit, which is used to offset the amount property owners pay on their tax bill, remains constant.

The General Fund's budgeted revenues for fiscal year 2017 increased by \$9,173 or 4.4 percent from 2016. The major changes are:

- Property tax revenues reflect an increase of \$3,593 or 3.9 percent. Charleston County is anticipating an increase due to new construction and rising values of existing properties.
- The local option sales tax, which is applied as a credit against property taxes, is anticipated to increase \$3,200 or 5.7 percent. This increase reflects continued improvements in the level of consumer spending in the Charleston County area.
- Charges and fees are increased \$1,829 or 10.0 percent in the fiscal year 2017 budget. EMS fees are expected to increase \$1,456 or 35.4 percent based on the region's growing service population; which includes tourists, residents and those working in Charleston County.

The General Fund's budgeted disbursements for fiscal year 2017 are increased \$1,562 or 0.7 percent from fiscal year 2016. The major changes for fiscal year 2017 are:

- The fiscal year 2017 General Fund budget includes an increase of \$3,361 or 24.0 percent in Emergency Medical Services and represents the annualizing personnel and operating costs related to adding five ambulances and eight quick response vehicles in fiscal year 2016.
- The budget for Facilities Management increased \$3,312 or 22.1 percent due to the transfer of annual recurring maintenance related to roofing, heating/cooling, and paving from the Capital Projects Fund to the General Fund.
- The budget for Sheriff: Law Enforcement increased \$1,736 or 2.7 percent and represents annualizing personnel and operating costs for 16 Deputy Sheriffs and eight Law Enforcement Specialists II positions added during fiscal year 2016.
- The budget for Technology Services increased \$1,238 or 11.4 percent for higher costs of maintenance contracts for technology infrastructure and applications.
- These increases are offset by a reduction in transfers of \$10,448 or 42.5 percent from the prior fiscal year primarily due to a decrease in funds being transferred to the Capital Projects Fund for the library expansion approved by voters in the November 2014 referendum. The County will use a pay-as-you-go approach to fund the initial two years of the library expansion capital project, and expects to borrow funds in fiscal year 2017 and fiscal year 2019 for the remainder of the project.

Requests for Information

This financial report is designed to provide a general overview of Charleston County's finances for all those with an interest in the government's financing. Questions concerning any of the information should be addressed to the Finance Department, 4045 Bridge View Drive, Suite A225, North Charleston, SC 29405-7464.

BASIC FINANCIAL STATEMENTS



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COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component
	Governmental	Business-type	Total	Units
ASSETS	Activities	Activities		
Non-pooled cash and cash equivalents	\$ 4,277,626	\$ 409,660	\$ 4,687,286	\$ 25,652,887
Pooled cash and cash equivalents	104,605,774	9,573,211	114,178,985	-
Pooled investments	187,734,049	49,830,107	237,564,156	-
Non-pooled investments	-	-	-	10,844
Cash with fiscal agent	125,000	-	125,000	-
Restricted cash	937,332	-	937,332	15,038,664
Restricted investments	2,163,547	-	2,163,547	-
Receivables (net of allowances for uncollectibles)	250,710,767	4,985,515	255,696,282	42,901,134
Due from primary government	-	-	-	234,349
Internal balances - current	(15,880,850)	15,880,850	-	-
Inventories	1,099,964	-	1,099,964	801,580
Prepaid items and deposits	-	92,821	92,821	6,137,351
Other noncurrent assets	-	-	-	40,000
Capital assets:				
Land and other nondepreciable	35,001,055	8,103,005	43,104,060	110,553,197
Capital assets, net of accumulated depreciation	275,872,105	46,422,299	322,294,404	64,481,147
Total assets	846,646,369	135,297,468	981,943,837	265,851,153
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions made subsequent to measurement date	13,359,612	-	13,359,612	3,185,364
Differences between expected and actual experience	22,509,459	-	22,509,459	3,153,715
Deferred loss on refunding	23,164,449	-	23,164,449	-
Total deferred outflows of resources	59,033,520	-	59,033,520	6,339,079
LIABILITIES				
Accounts payable	12,328,853	1,424,916	13,753,769	2,348,866
Accrued payroll and fringe benefits	7,377,077	893,588	8,270,665	1,798,005
Intergovernmental payable	10,984,079	4,061,476	15,045,555	20,063
Interest payable	4,762,857	-	4,762,857	441,167
Net pension liability	211,933,021	-	211,933,021	54,247,919
Unearned revenue	504,607	26,232	530,839	1,650,960
Noncurrent liabilities:				
Due within one year	44,161,329	1,077,824	45,239,153	12,316,903
Due in more than one year	677,806,574	8,109,103	685,915,677	40,499,260
Total liabilities	969,858,397	15,593,139	985,451,536	113,323,143
DEFERRED INFLOWS OF RESOURCES				
Net difference between projected and actual earnings on pension plan investments	13,586,149	-	13,586,149	234,003
Deferred property taxes - current	180,593,607	-	180,593,607	41,134,044
Total deferred inflows of resources	194,179,756	-	194,179,756	41,368,047
NET POSITION				
Net investment in capital assets	103,292,815	54,525,303	157,818,118	128,707,725
Restricted for:				
Capital and infrastructure projects	90,398,577	-	90,398,577	108,017
Debt service	18,084,594	-	18,084,594	12,453,777
General government operations	165,388	-	165,388	-
Law enforcement and safety programs	6,324,625	-	6,324,625	-
Judicial assistance and programs	3,106,999	-	3,106,999	-
Health and welfare assistance	377,673	-	377,673	-
Local economic development	2,849,079	-	2,849,079	-
Tourism related	790,841	-	790,841	-
1% fee	-	-	-	67,494
Unrestricted	(483,748,855)	65,179,026	(418,569,829)	(23,837,971)
Total net position	\$ (258,358,264)	\$ 119,704,329	\$ (138,653,935)	\$ 117,499,042

See notes to the financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 82,067,067	\$ 14,348,875	\$ 370,261	\$ -	\$ (67,347,931)	\$ -	\$ (67,347,931)	\$ -
Public safety	100,145,235	19,613,268	9,152,703	-	(71,379,264)	-	(71,379,264)	-
Judicial	28,929,279	10,614,833	113,019	-	(18,201,427)	-	(18,201,427)	-
Public works	56,530,661	2,412,257	15,227,572	-	(38,890,832)	-	(38,890,832)	-
Health and welfare	6,919,984	351,291	2,882,008	-	(3,686,685)	-	(3,686,685)	-
Economic development	6,497,323	2,970	4,546,611	-	(1,947,742)	-	(1,947,742)	-
Culture and recreation	35,967,005	262,812	-	-	(35,704,193)	-	(35,704,193)	-
Education	6,666,389	-	-	-	(6,666,389)	-	(6,666,389)	-
Interest and fiscal charges	24,237,970	-	-	-	(24,237,970)	-	(24,237,970)	-
Total governmental activities	347,960,913	47,606,306	32,292,174	-	(268,062,433)	-	(268,062,433)	-
Business-type activities:								
DAODAS	9,388,170	6,506,701	662,835	-	-	(2,218,634)	(2,218,634)	-
E-911 Communications	2,715,095	2,382,138	-	-	-	(332,957)	(332,957)	-
Environmental Management	27,114,755	28,437,927	453,304	-	-	1,776,476	1,776,476	-
Parking Garages	2,426,875	3,634,145	-	-	-	1,207,270	1,207,270	-
Public Safety Systems	441,029	375,066	-	-	-	(65,963)	(65,963)	-
Radio Communications	3,680,827	2,064,604	-	-	-	(1,616,223)	(1,616,223)	-
Revenue Collections	1,783,500	586,530	-	-	-	(1,196,970)	(1,196,970)	-
Total business-type activities	47,550,251	43,987,111	1,116,139	-	-	(2,447,001)	(2,447,001)	-
Total primary government	\$ 395,511,164	\$ 91,593,417	\$ 33,408,313	\$ -	(268,062,433)	(2,447,001)	(270,509,434)	-
Component Units:								
Charleston County Library	\$ 16,359,060	\$ 479,201	\$ 15,403,716	\$ 558,971				82,828
Charleston County PRC	33,374,516	15,654,211	24,861	2,638,833				(15,056,611)
Cooper River Park & Playground	203,893	-	-	-				(203,893)
North Charleston District	1,142,232	-	-	-				(1,142,232)
St. Andrew's Parish Parks & Playground	4,456,424	2,150,464	-	-				(2,305,960)
St. John's Fire District	13,501,753	-	15,764	-				(13,485,989)
St. Paul's Fire District	6,280,277	-	-	-				(6,280,277)
Charleston County Volunteer Rescue Squad	401,135	-	243,229	150,000				(7,906)
Total component units	\$ 75,719,290	\$ 18,283,876	\$ 15,687,570	\$ 3,347,804				(38,400,040)

General Revenues:				
Property taxes	142,717,885	-	142,717,885	
Charleston County PRC	-	-	-	18,102,142
Cooper River Park & Playground	-	-	-	155,931
North Charleston District	-	-	-	955,358
St. Andrew's Parish Parks & Playground	-	-	-	1,662,363
St. John's Fire District	-	-	-	13,007,031
St. Paul's Fire District	-	-	-	5,921,857
Local option sales tax	57,932,479	-	57,932,479	-
Transportation sales tax	52,922,363	-	52,922,363	-
Accommodations tax	15,699,420	-	15,699,420	-
Franchise tax	876,716	-	876,716	35,642
Alcohol beverage tax	-	697,064	697,064	-
Merchants inventory tax and manufacturer's depreciation	1,512,202	10,832	1,523,034	2,077,642
Motor carrier tax	145,810	-	145,810	-
Homestead exemption	2,593,876	-	2,593,876	-
Unrestricted state aid to political subdivisions	12,985,557	-	12,985,557	-
Grants and contributions not restricted to specific program	-	-	-	24,649
Unrestricted investment earnings	1,180,393	301,223	1,481,616	14,813
Gain on sale of capital assets	313,118	13,658	326,776	23,218
Fundraising and donations	-	-	-	38,800
Miscellaneous	-	-	-	300,789
Transfers	(2,294,434)	2,294,434	-	-
Total general revenues and transfers	286,585,385	3,317,211	289,902,596	42,320,235
Change in position	18,522,952	870,210	19,393,162	3,920,195
Net position - beginning, as restated	(276,881,216)	118,834,119	(158,047,097)	113,578,847
Net position - ending	<u>\$ (258,358,264)</u>	<u>\$ 119,704,329</u>	<u>\$ (138,653,935)</u>	<u>\$ 117,499,042</u>

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

<u>ASSETS</u>	General	Debt Service	Transportation and Road Sales Tax Special Revenue	Special Source Revenue Bonds	Other Governmental Funds	Total Governmental Funds
Non-pooled cash and cash equivalents	\$ 3,184,299	\$ -	\$ -	\$ -	\$ 1,093,327	\$ 4,277,626
Pooled cash and cash equivalents	-	-	-	-	64,081,792	64,081,792
Pooled investments	43,407,346	17,968,011	44,865,239	78,041,704	-	184,282,300
Restricted cash and cash equivalents	-	-	-	-	937,332	937,332
Restricted investments	-	-	-	2,163,547	-	2,163,547
Receivables (net of allowances for uncollectibles)	173,669,717	20,766,834	32,620,721	-	23,204,233	250,261,505
Due from other funds	735,795	-	-	-	-	735,795
Inventories	777,478	-	-	-	-	777,478
Total assets	\$ 221,774,635	\$ 38,734,845	\$ 77,485,960	\$ 80,205,251	\$ 89,316,684	\$ 507,517,375
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 2,302,022	\$ 16,496	\$ 3,727,501	\$ -	\$ 2,800,834	\$ 8,846,853
Accrued payroll and fringe benefits	6,355,017	-	63,764	-	744,788	7,163,569
Due to other funds	1,225,558	-	-	-	735,795	1,961,353
Intergovernmental payable	1,605,182	-	1,470	162,420	7,144,252	8,913,324
Unearned revenue	-	-	-	-	504,607	504,607
Total liabilities	11,487,779	16,496	3,792,735	162,420	11,930,276	27,389,706
Deferred inflows of resources:						
Unavailable property tax revenues - current	148,206,210	20,286,245	-	-	12,101,152	180,593,607
Unavailable property tax revenues - delinquent	1,853,819	347,510	-	-	223,213	2,424,542
Total deferred inflows of resources	150,060,029	20,633,755	-	-	12,324,365	183,018,149
Fund balances:						
Nonspendable - Inventories	777,478	-	-	-	-	777,478
Restricted - Debt service	-	18,084,594	-	-	-	18,084,594
Restricted - General government operations	-	-	-	-	165,388	165,388
Restricted - Law enforcement and public safety programs	-	-	-	-	6,324,625	6,324,625
Restricted - Judicial assistance and programs	-	-	-	-	3,106,999	3,106,999
Restricted - Health and welfare assistance	-	-	-	-	377,673	377,673
Restricted - Local economic development	-	-	-	-	2,849,079	2,849,079
Restricted - Tourism related	-	-	-	-	790,841	790,841
Restricted - Capital and infrastructure projects	-	-	48,244,414	80,042,831	20,598,702	148,885,947
Committed - Capital and infrastructure projects	-	-	25,448,811	-	30,848,736	56,297,547
Assigned - General government operations	2,001,482	-	-	-	-	2,001,482
Assigned - Capital and infrastructure projects	1,127,320	-	-	-	-	1,127,320
Assigned - Law enforcement	932,762	-	-	-	-	932,762
Assigned - Purchases on order	2,256,234	-	-	-	-	2,256,234
Unassigned	53,131,551	-	-	-	-	53,131,551
Total fund balances	60,226,827	18,084,594	73,693,225	80,042,831	65,062,043	297,109,520
Total liabilities, deferred inflows of resources and fund balances	\$ 221,774,635	\$ 38,734,845	\$ 77,485,960	\$ 80,205,251	\$ 89,316,684	\$ 507,517,375

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2016**

Total Governmental Fund Balances **\$ 297,109,520**

*Amounts reported for governmental activities in
the statement of net position are different because:*

**Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds.** **293,017,798**

**Other long-term assets are not available to pay for current period
expenditures and therefore are deferred in the funds:**

Deferred loss on refunding	\$ 23,164,449	
Property taxes	<u>2,424,542</u>	25,588,991

**Internal service funds are used by management to charge the costs
of insurance, employee benefits and other services to individual funds.
The assets and liabilities of the internal service funds are included
in governmental activities in the statement of net position.** **(164,638,186)**

**Elimination of indirect revenues and expenses between governmental
funds and the enterprise funds which creates an internal balance.** **(15,880,850)**

**Long-term liabilities, including bonds payable and accrued interest
payable, are not due and payable in the current period and therefore
are not reported in the funds:**

General obligation bonds	\$ (558,781,755)	
Special source revenue bonds	(92,680,258)	
Leases payable	(807,901)	
Compensated absences	(10,994,717)	
Intergovernmental note payable	(25,528,049)	
Accrued interest payable	<u>(4,762,857)</u>	<u>(693,555,537)</u>

Net position of governmental activities **\$ (258,358,264)**

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General	Debt Service	Transportation and Road Sales Tax Special Revenue	Special Source Revenue Bonds	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property, local option sales and transportation sales tax	\$ 150,459,307	\$ 19,927,139	\$ 52,922,364	\$ 15,441,472	\$ 15,027,617	\$ 253,777,899
Intergovernmental	24,557,843	363,613	8,723,055	-	29,433,499	63,078,010
Permits and licenses	5,221,268	-	-	-	-	5,221,268
Fines and forfeitures	1,578,423	-	-	-	1,033,038	2,611,461
Interest	963,758	104,004	347,614	448,793	195,813	2,059,982
Service charges	21,468,225	-	-	-	18,108,329	39,576,554
Rental and use of property	479,701	-	55,250	-	-	534,951
Other revenues	5,484,592	-	52,335	-	611,964	6,148,891
Total revenues	210,213,117	20,394,756	62,100,618	15,890,265	64,410,260	373,009,016
Expenditures:						
Current:						
General government	53,832,437	-	14,844,167	10,144,278	145,028	78,965,910
Public safety	87,305,412	-	-	-	5,986,130	93,291,542
Judicial	18,768,118	-	-	-	8,749,687	27,517,805
Public works	9,040,928	-	35,992,390	4,665,406	10,146,528	59,845,252
Health and welfare	4,044,061	-	-	-	2,878,738	6,922,799
Economic development	-	-	6,825	-	6,527,276	6,534,101
Culture and recreation	15,072,774	-	3,613,928	-	17,062,135	35,748,837
Education	-	-	-	-	6,499,594	6,499,594
Capital outlay	-	-	-	-	5,954,718	5,954,718
Debt service	-	27,694,122	28,699,436	4,273,169	175,294	60,842,021
Total expenditures	188,063,730	27,694,122	83,156,746	19,082,853	64,125,128	382,122,579
Excess (deficiency) of revenues over (under) expenditures	22,149,387	(7,299,366)	(21,056,128)	(3,192,588)	285,132	(9,113,563)
Other financing sources (uses):						
Capital lease proceeds	-	-	-	-	55,928	55,928
General obligation bonds issued	-	-	-	-	20,875,000	20,875,000
Refunding general obligation bonds issued	-	-	46,250,000	-	56,680,000	102,930,000
Bond premium	-	1,316,947	8,184,124	-	11,356,911	20,857,982
Payment to escrow agent for refunding	-	-	(54,093,304)	-	(67,692,911)	(121,786,215)
Transfers in	4,466,840	7,380,765	16,176,664	3,824,376	22,694,514	54,543,159
Transfers out	(20,172,244)	(330,725)	(20,881,424)	(6,802,201)	(13,305,695)	(61,492,289)
Proceeds from sale of capital assets	-	-	-	-	408,784	408,784
Total other financing sources (uses)	(15,705,404)	8,366,987	(4,363,940)	(2,977,825)	31,072,531	16,392,349
Net change in fund balances	6,443,983	1,067,621	(25,420,068)	(6,170,413)	31,357,663	7,278,786
Fund balances at beginning of year	53,782,844	17,016,973	99,113,293	86,213,244	33,704,380	289,830,734
Fund balances at end of year	\$ 60,226,827	\$ 18,084,594	\$ 73,693,225	\$ 80,042,831	\$ 65,062,043	\$ 297,109,520

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 7,278,786
Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital asset additions	\$ 14,702,127	
Depreciation expense	<u>(16,580,382)</u>	(1,878,255)

In the statement of activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on disposal of capital assets:

Cost of capital assets	1,716,569	
Accumulated depreciation	<u>(1,620,903)</u>	
Net book value	95,666	
Proceeds	<u>(408,784)</u>	
Loss on disposal	(313,118)	
Difference of proceeds and loss on sale		(95,666)

Because some property taxes and other income will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues in the governmental funds:

Property taxes and local option sales tax	(126,513)
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Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not result in an expense in the statement of activities.

32,022,678

Other financing source (use) which does not provide current resources or current uses:

Capital lease proceeds	(55,928)	
General obligation bonds issued	(20,875,000)	
Refunding general obligation bonds issued	(102,930,000)	
Bond premium	(20,857,982)	
Payment to escrow agent for refunding	<u>121,786,215</u>	(22,932,695)

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, interest is expensed when due.

706,891

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated absences payable	(180,498)	
Deferred refunding costs and amortization of bond premiums	<u>4,278,567</u>	4,098,069

To record internal service fund transfers.

4,654,696

The internal service funds are used by management to charge the costs of insurance and other services to individual funds. The net loss of the internal service funds are reported with governmental activities.

164,048

Elimination of indirect income between governmental funds and the enterprise funds.

(3,663,024)

The increase of governmental expenditures to avoid the doubling up of increase in net position from the internal service funds.

(1,706,063)

Change in net position of governmental activities

\$ 18,522,952

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property and local option sales taxes	\$ 146,901,000	\$ 146,901,000	\$ 150,459,307	\$ 3,558,307
Intergovernmental	19,770,521	24,411,236	24,557,843	146,607
Permits and licenses	4,345,255	4,345,255	5,221,268	876,013
Fines and forfeitures	1,815,548	1,815,548	1,578,423	(237,125)
Interest	1,445,400	1,445,400	963,758	(481,642)
Service charges	23,047,084	18,321,226	21,468,225	3,146,999
Rental and use of property	245,000	245,000	479,701	234,701
Other revenues	4,948,117	5,033,260	5,484,592	451,332
Total revenues	202,517,925	202,517,925	210,213,117	7,695,192
 <u>EXPENDITURES</u>				
Current:				
General Government:				
Assessor	4,301,150	4,488,817	4,046,941	441,876
Auditor	2,229,335	2,282,335	2,146,183	136,152
Board of Elections & Voter Registration	1,958,597	1,958,992	2,143,909	(184,917)
Budget	742,329	663,329	663,281	48
Community Services	506,110	506,110	506,019	91
County Administrator	886,904	1,019,141	989,938	29,203
County Council	1,613,801	2,092,780	2,081,591	11,189
Deputy Administrator for Finance	463,041	455,804	429,701	26,103
Deputy Administrator for General Services	399,636	399,636	387,763	11,873
Deputy Administrator for Human Services	413,347	413,747	410,039	3,708
Facilities Management	15,490,738	18,149,081	15,254,070	2,895,011
Finance	1,047,862	956,045	919,864	36,181
Human Resources	1,490,661	1,640,661	1,485,737	154,924
Internal Auditor	228,490	228,490	227,115	1,375
Legal	1,319,220	1,319,220	1,370,914	(51,694)
Legislative Delegation	236,121	236,121	232,344	3,777
Nondepartmental	320,000	333,466	123,536	209,930
Procurement	943,770	943,770	883,007	60,763
Register Mesne Conveyance	1,966,672	1,986,286	1,895,846	90,440
Revenue Collections - Delinquent Tax	1,209,500	1,209,500	1,031,741	177,759
Safety & Risk Management	2,135,276	2,135,276	2,048,356	86,920
Technology Services	11,021,162	12,650,681	11,112,233	1,538,448
Treasurer	1,830,357	1,926,532	1,842,759	83,773
Zoning/Planning	1,733,658	1,739,164	1,599,550	139,614
Total general government	54,487,737	59,734,984	53,832,437	5,902,547

See notes to financial statements.

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**COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Safety:				
Building Inspections	\$ 1,735,590	\$ 1,740,380	\$ 1,620,032	\$ 120,348
Consolidated Dispatch	6,915,661	7,080,106	6,973,072	107,034
Emergency Management	815,192	815,192	762,045	53,147
Emergency Medical Services	15,663,519	14,529,684	14,742,209	(212,525)
Sheriff	65,167,950	65,123,178	63,208,054	1,915,124
Total public safety	90,297,912	89,288,540	87,305,412	1,983,128
Judicial:				
Clerk of Court	3,681,737	3,717,964	3,613,212	104,752
Coroner	1,547,275	1,532,625	1,615,623	(82,998)
Magistrates Courts	4,872,920	4,852,072	4,749,163	102,909
Master-In-Equity	673,584	673,747	664,471	9,276
Probate Court	2,582,527	2,584,716	2,556,584	28,132
Solicitor	5,756,713	5,757,013	5,569,065	187,948
Total judicial	19,114,756	19,118,137	18,768,118	350,019
Public Works:				
Transportation Development	428,760	428,760	405,441	23,319
Public Works Department	9,051,665	9,071,530	8,635,487	436,043
Total public works	9,480,425	9,500,290	9,040,928	459,362
Health and Welfare:				
Indigent Care	1,378,078	1,378,078	1,378,057	21
Public Works - Mosquito Abatement	2,445,586	2,466,170	2,013,115	453,055
State Agencies	377,106	377,106	305,621	71,485
Veterans Affairs	358,817	358,817	347,268	11,549
Total health and welfare	4,559,587	4,580,171	4,044,061	536,110
Culture and Recreation:				
Charleston County Library	15,162,774	15,072,774	15,072,774	-
Total culture and recreation	15,162,774	15,072,774	15,072,774	-
Total expenditures	193,103,191	197,294,896	188,063,730	9,231,166
Excess of revenues over expenditures	9,414,734	5,223,029	22,149,387	16,926,358

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Transfers in	\$ 4,619,004	\$ 4,619,004	\$ 4,466,840	\$ (152,164)
Transfers out	(21,645,399)	(20,564,102)	(20,172,244)	391,858
Total other financing sources and (uses)	(17,026,395)	(15,945,098)	(15,705,404)	239,694
Net change in fund balance	(7,611,661)	(10,722,069)	6,443,983	17,166,052
Fund balance at beginning of year	53,782,844	53,782,844	53,782,844	-
Fund balance at end of year	<u>\$ 46,171,183</u>	<u>\$ 43,060,775</u>	<u>\$ 60,226,827</u>	<u>\$ 17,166,052</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

ASSETS	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Current assets:					
Non-pooled cash and cash equivalents	\$ 1,251	\$ 9,500	\$ 398,909	\$ 409,660	\$ -
Pooled cash and cash equivalents	-	-	9,573,211	9,573,211	40,523,982
Cash with fiscal agent	-	-	-	-	125,000
Pooled investments	48,346,402	1,483,705	-	49,830,107	3,451,749
Receivables (net of allowances for uncollectibles)	2,589,612	21,187	2,374,716	4,985,515	449,262
Due from other funds	-	-	-	-	24,038,209
Inventories	-	-	-	-	322,486
Prepaid rent	-	-	92,821	92,821	-
Total current assets	50,937,265	1,514,392	12,439,657	64,891,314	68,910,688
Capital assets:					
Land	4,564,562	2,350,320	-	6,914,882	-
Construction in progress	957,315	230,808	-	1,188,123	-
Buildings	3,836,940	14,515,236	9,702,367	28,054,543	1,695,683
Improvements other than buildings	21,536,002	242,400	270,255	22,048,657	-
Machinery and equipment	24,716,511	1,275,085	4,514,908	30,506,504	39,292,722
Less accumulated depreciation	(20,832,232)	(6,039,017)	(7,316,156)	(34,187,405)	(23,133,043)
Total capital assets (net of accumulated depreciation)	34,779,098	12,574,832	7,171,374	54,525,304	17,855,362
Total noncurrent assets	34,779,098	12,574,832	7,171,374	54,525,304	17,855,362
Total assets	85,716,363	14,089,224	19,611,031	119,416,618	86,766,050
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions made subsequent to measurement date	-	-	-	-	13,359,612
Difference between expected and actual experience	-	-	-	-	22,509,459
Total deferred outflows of resouces	-	-	-	-	35,869,071

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 1,084,291	\$ 67,759	\$ 272,866	\$ 1,424,916	\$ 3,482,000
Accrued payroll and fringe benefits	384,124	53,620	455,844	893,588	213,508
Compensated absences - current	12,685	-	29,219	41,904	33,668
Due to other funds	10,009,968	1,476,476	11,326,207	22,812,651	-
Intergovernmental payable	44,301	2,746	4,014,429	4,061,476	2,070,755
Unearned revenue	-	-	26,232	26,232	-
Lease payable - current	-	-	-	-	276,494
Accrual for landfill closure - current	1,035,920	-	-	1,035,920	-
Total current liabilities	12,571,289	1,600,601	16,124,797	30,296,687	6,076,425
Noncurrent liabilities:					
OPEB liability	-	-	-	-	32,221,614
Accrual for landfill closure	6,855,400	-	-	6,855,400	-
Compensated absences	624,959	77,975	550,769	1,253,703	321,056
Lease payable	-	-	-	-	322,391
Net pension liability	-	-	-	-	211,933,021
Total noncurrent liabilities	7,480,359	77,975	550,769	8,109,103	244,798,082
Total liabilities	20,051,648	1,678,576	16,675,566	38,405,790	250,874,507
DEFERRED INFLOWS OF RESOURCES					
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	13,586,149
NET POSITION					
Net investment in capital assets	34,779,098	12,574,831	7,171,374	54,525,303	17,256,477
Unrestricted	30,885,617	(164,183)	(4,235,909)	26,485,525	(159,082,012)
Total net position	\$ 65,664,715	\$ 12,410,648	\$ 2,935,465	81,010,828	\$ (141,825,535)
Adjustment to reflect the consolidation of internal service funds related to business-type activities				(4,847,948)	
Adjustment to reflect the elimination of indirect and other costs charged by the governmental funds				43,541,449	
Total net position for business-type activities				\$ 119,704,329	

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Operating revenues:					
Charges for services	\$ 435,772	\$ 3,634,145	\$ 14,704,064	\$ 18,773,981	\$ 61,822,844
User fees	27,914,210	-	-	27,914,210	-
Sale of recyclables	256,594	-	-	256,594	-
Other revenues	11,341	-	11,592	22,933	-
Total operating revenues	28,617,917	3,634,145	14,715,656	46,967,718	61,822,844
Operating expenses:					
Personnel services	7,107,852	950,589	7,910,714	15,969,155	3,670,020
Contractual services	10,379,730	243,443	986,865	11,610,038	3,654,114
Materials and supplies	898,033	146,108	1,078,705	2,122,846	8,537,290
Utilities	130,134	163,289	779,561	1,072,984	1,466,726
Repairs and maintenance	51,347	107,429	2,116,025	2,274,801	442,187
Rental expenses	173,744	-	575,458	749,202	13,174
Vehicle fleet charges	3,406,887	6,596	22,080	3,435,563	126,668
Employee benefits	2,156,549	296,620	2,329,802	4,782,971	39,840,262
Other expenses	1,419,807	229,247	5,012,539	6,661,593	545,279
Depreciation and amortization	3,636,964	438,460	840,928	4,916,352	4,215,827
Landfill closure	1,035,920	-	-	1,035,920	-
Total operating expenses	30,396,967	2,581,781	21,652,677	54,631,425	62,511,547
Operating income (loss)	(1,779,050)	1,052,364	(6,937,021)	(7,663,707)	(688,703)
Nonoperating revenues (expenses):					
Interest income	252,614	12,603	36,006	301,223	215,633
Interest expense	-	-	-	-	(59,642)
Intergovernmental revenues	453,304	-	662,835	1,116,139	5,937
Gain (loss) on disposal of capital assets	(66,110)	373	13,285	(52,452)	196,314
Total nonoperating revenues (expenses)	639,808	12,976	712,126	1,364,910	358,242
Income (loss) before transfers	(1,139,242)	1,065,340	(6,224,895)	(6,298,797)	(330,461)
Transfers in	-	-	3,966,595	3,966,595	5,224,778
Transfers out	-	(1,672,161)	-	(1,672,161)	(570,082)
Change in net position	(1,139,242)	(606,821)	(2,258,300)	(4,004,363)	4,324,235
Total net position- beginning	66,803,957	13,017,469	5,193,765		(146,149,770)
Total net position - ending	\$ 65,664,715	\$ 12,410,648	\$ 2,935,465		\$ (141,825,535)
Adjustment to reflect the elimination of indirect costs charged by governmental funds				6,086,153	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(1,211,580)	
Change in net position of business-type activities				\$ 870,210	

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 29,180,493	\$ 3,721,510	\$ 16,128,386	\$ 49,030,389	\$ 153,705
Cash receipts from interfund services provided	-	-	-	-	56,502,439
Cash payments to suppliers for goods and services	(14,899,095)	(646,217)	(7,398,913)	(22,944,225)	(47,920,505)
Cash payments to employees for services	(9,177,251)	(1,234,222)	(10,133,721)	(20,545,194)	(3,737,006)
Net cash (used in) provided by operating activities	5,104,147	1,841,071	(1,404,248)	5,540,970	4,998,633
Cash flows from noncapital financing activities:					
Transfers in	-	-	3,966,595	3,966,595	5,224,778
Transfers (out)	-	(1,672,161)	-	(1,672,161)	(570,082)
Intergovernmental receipt	453,304	-	662,835	1,116,139	-
Net cash provided by (used in) noncapital financing activities	453,304	(1,672,161)	4,629,430	3,410,573	4,654,696
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	-	-	-	-	(268,718)
Interest paid	-	-	-	-	(59,642)
Proceeds from capital lease	-	-	-	-	14,477
Proceeds from sale of capital assets	552,497	1,873	13,285	567,655	373,011
Acquisition and construction of capital assets	(6,529,202)	(492,206)	(447,233)	(7,468,641)	(7,990,848)
Net cash used in capital and related financing activities	(5,976,705)	(490,333)	(433,948)	(6,900,986)	(7,931,720)
Cash flows from investing activities:					
Interest received	252,614	12,603	36,006	301,223	215,633
Net cash provided by investing activities	252,614	12,603	36,006	301,223	215,633
Net (decrease) increase in cash and cash equivalents	(166,640)	(308,820)	2,827,240	2,351,780	1,937,242
Cash and cash equivalents at beginning of year	48,514,293	1,802,025	7,144,880	57,461,198	42,163,489
Cash and cash equivalents at end of year	\$ 48,347,653	\$ 1,493,205	\$ 9,972,120	\$ 59,812,978	\$ 44,100,731
Reconciliation to balance sheet:					
Non-pooled cash and cash equivalents	\$ 1,251	\$ 9,500	\$ 398,909	\$ 409,660	\$ -
Pooled cash and cash equivalents	-	-	9,573,211	9,573,211	40,523,982
Pooled investments	48,346,402	1,483,705	-	49,830,107	3,451,749
Cash with fiscal agent	-	-	-	-	125,000
Cash and cash equivalents at end of year	\$ 48,347,653	\$ 1,493,205	\$ 9,972,120	\$ 59,812,978	\$ 44,100,731

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (1,779,050)	\$ 1,052,364	\$ (6,937,021)	\$ (7,663,707)	\$ (688,703)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	3,636,964	438,460	840,928	4,916,352	4,215,827
Provision for landfill closure	1,035,920	-	-	1,035,920	-
Allowance for uncollectable accounts	128,213	-	19,315	147,528	-
Changes in assets, deferred outflows and inflows of resources, and liabilities:					
(Increase) decrease in receivables	438,863	87,365	1,388,659	1,914,887	(5,166,700)
(Increase) decrease in inventories	-	-	-	-	5,857
Increase (decrease) in accounts payable	1,560,587	249,895	3,172,320	4,982,802	2,554,173
Increase (decrease) in accrued payroll	87,150	12,987	106,795	206,932	(66,986)
Increase (decrease) in unearned revenue	(4,500)	-	4,756	256	-
Increase (decrease) in net pension liability	-	-	-	-	25,819,555
(Increase) decrease in deferred outflows of resources for pensions	-	-	-	-	(17,751,394)
Increase (decrease) in deferred inflows of resources for pensions	-	-	-	-	(3,922,996)
Total adjustments	6,883,197	788,707	5,532,773	13,204,677	5,687,336
Net cash provided by (used in) operating activities	\$ 5,104,147	\$ 1,841,071	\$ (1,404,248)	\$ 5,540,970	\$ 4,998,633

See notes to financial statements.

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**COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2016**

ASSETS

Non-pooled cash and cash equivalents	\$ 21,835,147
Non-pooled investments	138,981
Pooled investments	<u>35,938,142</u>
Total assets	<u><u>\$ 57,912,270</u></u>

LIABILITIES

Due to component units	\$ 232,068
Intergovernmental payable	30,019,928
Due to third parties	<u>27,660,274</u>
Total liabilities	<u><u>\$ 57,912,270</u></u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION - DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2016

	Charleston County Library	Charleston County PRC	Cooper River Park & Playground	North Charleston District
ASSETS				
Non-pooled cash and cash equivalents	\$ 2,370,827	\$ 18,205,997	\$ 48,648	\$ 644,192
Investments	-	-	-	-
Receivables (net of allowances for uncollectibles)	103,135	21,345,943	148,261	891,905
Due from primary government	-	(122,928)	4,214	11,862
Inventories	38,409	763,171	-	-
Prepaid items and deposits	452,484	5,162,661	-	-
Other non current asset	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	14,971,170	-	-
Capital assets:				
Nondepreciable assets	11,000	108,444,531	66,161	4,368
Other capital assets, net of accumulated depreciation	3,452,143	38,658,131	3,643	57,692
Total assets	6,427,998	207,428,676	270,927	1,610,019
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions made subsequent to measurement date	796,308	1,135,995	-	-
Differences between expected and actual experience	692,729	985,944	-	-
Total deferred outflows of resources	1,489,037	2,121,939	-	-
LIABILITIES				
Accounts payable	336,311	1,677,155	-	-
Accrued payroll and fringe benefits	451,088	607,127	-	-
Intergovernmental payable	-	-	-	16,157
Interest payable	-	322,206	-	-
Unearned revenue	14,047	1,176,977	-	-
Net pension liability	15,393,713	20,156,134	-	-
Noncurrent liabilities:				
Due within one year	37,096	10,105,908	-	-
Due in more than one year	1,251,278	27,353,812	-	-
Total liabilities	17,483,533	61,399,319	-	16,157
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	-	20,339,011	137,918	845,897
Net differences between projected and actual earnings on pension plan investments	27,529	36,046	-	-
Total deferred inflows of resources	27,529	20,375,057	137,918	845,897
NET POSITION				
Net investment in capital assets	3,328,375	113,531,307	69,804	62,060
Restricted for:				
Debt service	-	12,131,126	-	-
Capital improvement program	108,017	-	-	-
1% fee	-	-	-	-
Donors / Grantors	-	-	-	-
Unrestricted	(13,030,419)	2,113,806	63,205	685,905
Total net position	\$ (9,594,027)	\$ 127,776,239	\$ 133,009	\$ 747,965

See notes to financial statements.

Charleston County Volunteer Rescue Squad Dec. 31, 2015	St. Andrew's Parish Parks & Playground	St. John's Fire District	St. Paul's Fire District	Totals
\$ 360,472	\$ 573,836	\$ 3,418,580	\$ 30,335	\$ 25,652,887
-	-	10,844	-	10,844
24,649	1,402,380	13,338,633	5,646,228	42,901,134
-	15,818	267,419	57,964	234,349
-	-	-	-	801,580
23,926	21,665	267,327	209,288	6,137,351
-	40,000	-	-	40,000
-	-	-	67,494	15,038,664
87,679	519,000	619,157	801,301	110,553,197
821,866	2,819,075	11,801,418	6,867,179	64,481,147
1,318,592	5,391,774	29,723,378	13,679,789	265,851,153
-	168,561	921,544	162,956	3,185,364
-	556,686	371,813	546,543	3,153,715
-	725,247	1,293,357	709,499	6,339,079
-	66,859	127,935	140,606	2,348,866
-	184,451	367,527	187,812	1,798,005
-	3,906	-	-	20,063
-	-	81,377	37,584	441,167
57,205	402,731	-	-	1,650,960
-	2,869,098	10,847,433	4,981,541	54,247,919
-	191,228	1,394,843	587,828	12,316,903
-	224,962	7,743,347	3,925,861	40,499,260
57,205	3,943,235	20,562,462	9,861,232	113,323,143
-	1,323,489	13,176,031	5,311,698	41,134,044
-	169,817	-	611	234,003
-	1,493,306	13,176,031	5,312,309	41,368,047
909,545	3,035,719	4,233,258	3,537,657	128,707,725
-	-	232,916	89,735	12,453,777
-	-	-	-	108,017
-	-	-	67,494	67,494
-	-	-	-	-
351,842	(2,355,239)	(7,187,932)	(4,479,139)	(23,837,971)
\$ 1,261,387	\$ 680,480	\$ (2,721,758)	\$ (784,253)	\$ 117,499,042

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position								Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charleston County Library	Charleston County PRC	Cooper River Park & Playground	North Charleston District	Chas County Volunteer Rescue Squad Dec. 31, 2015	St. Andrew's Parish Parks & Playground	St. John's Fire District	St. Paul's Fire District	
Charleston County Library													
Governmental activities:													
Culture and recreation	\$ 16,359,060	\$ 479,201	\$ 15,403,716	\$ 558,971	\$ 82,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,828
Charleston County PRC													
Governmental activities:													
General government	9,774,092	-	24,861	2,638,833	-	(7,110,398)	-	-	-	-	-	-	(7,110,398)
Recreation/Park operations	6,795,943	597,308	-	-	-	(6,198,635)	-	-	-	-	-	-	(6,198,635)
Interest and fiscal charges	884,549	-	-	-	-	(884,549)	-	-	-	-	-	-	(884,549)
Total governmental activities	17,454,584	597,308	24,861	2,638,833	-	(14,193,582)	-	-	-	-	-	-	(14,193,582)
Business-type activities:													
Park operations	15,919,932	15,056,903	-	-	-	(863,029)	-	-	-	-	-	-	(863,029)
Total Charleston County PRC	33,374,516	15,654,211	24,861	2,638,833	-	(15,056,611)	-	-	-	-	-	-	(15,056,611)
Cooper River Park & Playground													
Governmental activities:													
General government	13,385	-	-	-	-	-	(13,385)	-	-	-	-	-	(13,385)
Culture and recreation	190,508	-	-	-	-	-	(190,508)	-	-	-	-	-	(190,508)
Total governmental activities	203,893	-	-	-	-	-	(203,893)	-	-	-	-	-	(203,893)
North Charleston District													
Governmental activities:													
General government	23,255	-	-	-	-	-	-	(23,255)	-	-	-	-	(23,255)
Public safety	832,370	-	-	-	-	-	-	(832,370)	-	-	-	-	(832,370)
Public works	286,607	-	-	-	-	-	-	(286,607)	-	-	-	-	(286,607)
Total governmental activities	1,142,232	-	-	-	-	-	-	(1,142,232)	-	-	-	-	(1,142,232)
Charleston County Volunteer Rescue Squad													
Governmental activities:													
Public Safety	401,135	-	243,229	150,000	-	-	-	-	(7,906)	-	-	-	(7,906)

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charleston County Library	Charleston County PRC	Cooper River Park & Playground	North Charleston District	Chas County Volunteer Rescue Squad Dec. 31, 2015	St. Andrew's Parish Parks & Playground	St. John's Fire District	St. Paul's Fire District	Total
St. Andrew's Parish Parks & Playground Commission													
Governmental activities:													
General government	\$ 1,521,118	\$ 21,627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,499,491)	\$ -	\$ -	\$ (1,499,491)
Culture and recreation	670,118	771,076	-	-	-	-	-	-	-	100,958	-	-	100,958
Interest	14,370	-	-	-	-	-	-	-	-	(14,370)	-	-	(14,370)
Total governmental activities	2,205,606	792,703	-	-	-	-	-	-	-	(1,412,903)	-	-	(1,412,903)
Business-type activities:													
Culture and recreation	2,250,818	1,357,761	-	-	-	-	-	-	-	(893,057)	-	-	(893,057)
Total St. Andrew's Parish Parks & Playground Commission	4,456,424	2,150,464	-	-	-	-	-	-	-	(2,305,960)	-	-	(2,305,960)
St. John's Fire District													
Governmental activities:													
Public safety	13,252,265	-	15,764	-	-	-	-	-	-	-	(13,236,501)	-	(13,236,501)
Interest	249,488	-	-	-	-	-	-	-	-	-	(249,488)	-	(249,488)
Total governmental activities	13,501,753	-	15,764	-	-	-	-	-	-	-	(13,485,989)	-	(13,485,989)
St. Paul's Fire District													
Governmental activities:													
Public safety	6,280,277	-	-	-	-	-	-	-	-	-	-	(6,280,277)	(6,280,277)
Total Component Units	\$ 75,719,290	\$ 18,283,876	\$ 15,687,570	\$ 3,347,804									\$ (38,400,040)
General Revenues:													
Property taxes					-	18,102,142	155,931	955,358	-	1,662,363	13,007,031	5,921,857	39,804,682
Merchants inventory tax and manufacturer's depreciation					-	1,384,776	55,574	211,651	-	390,657	21,244	13,740	2,077,642
Franchise fees					-	-	-	35,642	-	-	-	-	35,642
Grants not restricted to specific program					-	-	-	-	24,649	-	-	-	24,649
Unrestricted investment earnings					-	13,870	-	591	-	205	-	147	14,813
Gains on sale of capital assets					-	14,250	-	-	8,968	-	-	-	23,218
Fundraising and donations					-	-	-	-	38,800	-	-	-	38,800
Miscellaneous					-	145,747	-	-	1,942	-	13,682	139,418	300,789
Total general revenues					-	19,660,785	211,505	1,203,242	74,359	2,053,225	13,041,957	6,075,162	42,320,235
Change in net position					82,828	4,604,174	7,612	61,010	66,453	(252,735)	(444,032)	(205,115)	3,920,195
Net position - beginning, as restated					(9,676,855)	123,172,065	125,397	686,955	1,194,934	933,215	(2,277,726)	(579,138)	113,578,847
Net position - end of year					\$ (9,594,027)	\$ 127,776,239	\$ 133,009	\$ 747,965	\$ 1,261,387	\$ 680,480	\$ (2,721,758)	\$ (784,253)	\$ 117,499,042

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The financial statements of the County of Charleston (County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainders of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2016.

B. Financial Reporting Entity

The County of Charleston, South Carolina, was established by the State of South Carolina on April 9, 1948, under the provisions of Act 681 of 1942. The County operates under a Council-Administrator form of government and provides the following services: public safety (sheriff and fire), highways and streets, sanitation, health and social services, cultural and recreational programs, public improvements, planning and zoning, courts, economic development and general administrative services. As required by GAAP, these financial statements present the County (the Primary Government) and its component units, entities for which the County is considered to be financially accountable or for which exclusion of a component unit would render the financial statements misleading.

The core of the financial reporting entity is the primary government, which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The financial reporting entity includes the County (a primary entity).

A primary government or entity is financially accountable if it appoints a voting majority of the organization's governing body, including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of decisions made by the primary government or agreements between the primary government and a component unit. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists:

- 1) The primary government is legally entitled to or can otherwise access the organization's resources.
- 2) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- 3) The primary government is obligated in some manner for the debt of the organization.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Based on the criteria, component units are reported in the County's Comprehensive Annual Financial Report (CAFR) as shown in the following table:

Blended Component Units Reported with the Primary Government	Brief Description of Activities and Relationship to the County	Reporting Funds
<p>Charleston Development Corporation Administrative Office Address: 4045 Bridge View Drive Suite B226 North Charleston, SC 29405 Telephone: (843) 958-4600</p>	<p>Non-Profit Corporate entity established September 16, 2004, to further human, social, and economic development in the County of Charleston, to promote a healthier and safer community, and apply for funding that the County would otherwise not be eligible to receive. The Corporation is governed by a Board of Directors which shall consist of one member of Charleston County Council, two Charleston County employees, and two Charleston County citizens. The Corporation exists solely for the benefit of Charleston County and Charleston County is the sole beneficiary of the corporation's funding.</p>	<p>Special Revenue Fund- Charleston Development Corporation</p>
Discretely Presented Component Units	Brief Description of Activities and Relationship to the County	
<p>Charleston County Library (CCL) Administrative Office Address: 68 Calhoun Street Charleston, SC 29401 Telephone: (843) 805-6801</p>	<p>The Charleston County Library System was created by South Carolina Legislation in 1979 as part of Charleston County Government. Its primary purpose is to provide library services to the citizens of Charleston County and bookmobile services in the rural areas of the County. The Library operates under an 11 member Board of Trustees which is appointed by County Council. County Council approves the budget and all general obligation debt for the Library.</p>	

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Discretely Presented Component Units	Brief Description of Activities and Relationship to the County
<p>Charleston County Parks and Recreation Commission (CCPRC) Administrative Office Address: 861 Riverland Drive Charleston, SC 29412 Telephone: (843) 762-2172</p>	<p>The Commission was created under the provisions of Act 1595 of the South Carolina Legislature on August 3, 1972. The Commission is empowered to acquire land, establish recreational facilities, and provide recreational activities within Charleston County. The Commission is governed by a seven member board which is appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.</p>
<p>Cooper River Park & Playground Commission (CRPPC) Administrative Office Address: PO Box 71846 N. Charleston, SC 29415 Telephone: (843) 764-3072</p>	<p>The Commission was created on April 27, 1942, under Act 640 of the South Carolina Legislature to provide parks and recreation facilities for use by citizens residing within the geographic boundaries of the Commission. The Commission is governed by a six member Board of Trustees appointed by the North Charleston District and the Cooper River School District. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.</p>
<p>North Charleston District (NCD) Administrative Office Address: P.O. Box 63009 Charleston, SC 29419 Telephone: (843) 764-3072</p>	<p>The District was created as a public service district in 1972 by Act 1768 of the South Carolina Legislature. The District provides fire, sanitation, street lighting, and cleaning services to the residents within its geographic boundaries. The District is governed by a nine member Commission appointed by the Governor through recommendations of the City of North Charleston and the Legislative Delegation. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the District.</p>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Discretely Presented Component Units	Brief Description of Activities and Relationship to the County
<p>St. Andrew's Parish Parks & Playground Commission (SAPPPC) Administrative Office Address: P.O. Box 31825 Charleston, SC 29407 Telephone: (843) 763-4360</p>	<p>The Commission was created by the General Assembly of the State of South Carolina in 1945. The Commission has the power to create, develop, maintain, and operate a system of parks and playgrounds for the use and benefit of the residents within its jurisdictional area. The Commission is governed by five members appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.</p>
<p>St. John's Fire District (SJFD) Administrative Office Address: P.O. Box 56 Johns Island, SC 29457 Telephone: (843) 559-9194</p>	<p>The Fire District was created by Act 369 of the South Carolina General Assembly on April 9, 1959. The Fire District provides fire protection services to residents within its geographic boundaries. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Fire District.</p>
<p>St. Paul's Fire District (SPFD) Administrative Office Address: P.O. Box 65 Hollywood, SC 29449 Telephone: (843) 889-6450</p>	<p>The Fire District was formed under Act 440 of the South Carolina General Assembly in 1949. The Fire District provides fire protection services to the western portion of the County. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Fire District.</p>
<p>Charleston County Volunteer Rescue Squad, Inc. (CCVRS) Administrative Office Address: P.O. Box 5012 North Charleston, SC 24906 Telephone: (843) 225-7728</p>	<p>The Rescue Squad received its Charter January 30, 1973, from the State of South Carolina. The primary purpose is to provide volunteer rescue services for the citizens of Charleston County. The rescue squad is exempt from federal and state income taxation under Section 501(c) (3) of the U.S. Internal Revenue Code and is not a private foundation. The rescue squad's operating budget is based on an annual appropriations approved by County Council during their budget process. The rescue squad is economically dependent on the County. In the event CCVRS is dissolved, Charleston County would be the beneficiary of any assets.</p>

The complete financial statements for each component unit may be obtained from their administrative offices at the addresses stated above.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

C. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The accounts of the County and its component units are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. There are three categories of funds: governmental, proprietary, and fiduciary.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues and all taxes are presented as general revenues of the County, with certain limited exceptions.

The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements

The County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting - The major fund types are:

Governmental funds are used to account for general governmental activities. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund – This is the primary operating fund of the County. This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Special Source Revenue Bond Fund – This fund accounts for the financial resources to be used for the cost of designing and constructing an extension of South Aviation Avenue Project as part of the Charleston Airport Area Improvement Project.

Transportation and Road Sales Tax Special Revenue Fund – This fund accounts for revenues generated by the half cent sales tax for roads, public transportation, and greenbelts.

Proprietary funds reporting focus is on the determination of operating income, changes in net position, financial position, and cash flow. Proprietary funds are classified as either enterprise or internal service. These funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business. In the enterprise funds a fee is charged to external users. The County reports the following major proprietary funds:

Environmental Management – This fund is used to account for the County's solid waste disposal activities, currently consisting of the following:

1. Landfill to dispose of all county dry goods and construction materials.
2. Service contracts for hauling and transfer of municipal solid waste.

This fund is also used to account for the County's recycling operations, which consist of the following:

1. Curbside collection of recyclables in the urban areas of the County.
2. Drop-box collection in all areas of the County.
3. Operation of materials recovery facility.
4. Yard waste mulch facility.

These services are funded from collection of a countywide user fee, tipping fees at the landfill, and sale of recyclables.

Parking Garages – This fund is used to account for the operation, financing, and construction of parking facilities. The County currently owns and operates two parking garages in downtown Charleston.

Internal Service Funds – These funds account for the financing of services provided by one department to other departments of the County, or to other governments, on a cost reimbursement basis.

Fleet Management – This fund is used to account for all operations of the County's centrally administered vehicle operation. Functions included within this operation are writing the specifications and assisting in the purchase of all on and off-road vehicles and equipment; owning all vehicles and equipment not specifically used in other County proprietary operation; maintaining all vehicles and equipment; operating a County-wide fuel distribution and monitoring system; operating a fleet of pool cars for those departments not directly assigned vehicles; and operating a vehicle parts warehouse.

Office Support Services – This fund is used to account for the centrally administered mail pick-up and delivery service, duplicating machines, postage metering service, and records management. Records management includes establishing records retention schedules for all County operations, centralized storage of records, and a centralized microfilming operation.

Telecommunications – This fund is used to account for the centrally administered telecommunications system, which includes pagers and cellular telephones.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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Workers' Compensation – This fund is used to account for the costs of staffing a workers' compensation division as well as the cost of providing insurance through the S.C. Association of County Commissioners Self-Insurance Fund. Funding is provided by levying a percentage charge against all departmental payrolls. In fiscal year 1996, insurance was converted to self-insurance coverage for all claims less than \$100,000.

Employee Benefits – This fund is used to account for costs of providing health and life insurance to the County's employees and retirees, as well as providing retirement benefits. Funding is provided by a percentage charge against all departmental payrolls and payments from retirees. The fund is administered by seven trustees; the Finance Director and Human Resources Director as permanent members, the Chairman of the Employee Insurance Committee for the duration of term in office, and for two year periods, trustees appointed by the 1) Elected Officials, 2) Appointed Officials, 3) County Administrator and 4) Assistant Administrator of Finance. As of January 1, 1993, the Trustees had contracted with the South Carolina Department of Insurance to provide all of the County's health and life insurance. To provide retirement benefits to its employees, the County also contracts with the South Carolina Public Employee Benefit Authority (PEBA) which administers the various retirement systems and retirement programs managed by its Retirement Division.

Fiduciary fund reporting focuses on net position and changes in net position. This fund accounts for assets held by the County as an agent on behalf of others. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The County's only fiduciary funds are agency funds.

Agency Funds – This fund primarily consists of monies collected and disbursed by the County Treasurer (an elected, constitutionally mandated official) for various governmental units and taxing entities within Charleston County's borders as defined by South Carolina law. These monies are not under the control of Charleston County Council. This fund also consists of monies administered by several elected, appointed and other officials who, by nature of their position, collect and disburse cash. These officials consist of the Revenue Collections Director, Clerk of Court (who administers both Clerk of Court and Family Court funds), Delinquent Tax Collector, Family Court, Magistrates, Master-In-Equity, Probate Court Judge, Sheriff, and Solicitor.

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Component unit disclosures represent a consolidation of various fund types.

D. Measurement Focus

Government-Wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the County are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise on the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year-end with respect to property taxes and one year after fiscal year-end for all other governmental revenues.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements in which the County must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes collected within 60 days of fiscal year end, sales tax, grants, interest, accommodations fees, intergovernmental revenue, and charges for services.

Unavailable and Unearned Revenues – Unavailable and unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied, and are not considered to be available to liquidate liabilities of the current period.

Property taxes for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance fiscal year 2017 operations have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

The County also defers revenue recognition in connection with resources received prior to meeting eligibility requirements (other than time requirements). As such, certain grants have been received, but not yet earned.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then.

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenues) until then. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted, as they are needed for their intended purposes.

When committed, assigned and unassigned resources are available for use for the same purpose, it is the County's policy to use committed resources first, then assigned and unassigned, as needed for their intended purposes.

F. Assets, Liabilities and Equity

1. Cash and Investments

The County maintains and controls several major cash and investment pools which the funds of the primary government share. Each fund's portion of a pool is presented on its respective balance sheets as "pooled cash and cash equivalents." In addition, non-pooled cash and investments are separately held and reflected in the respective funds as "non-pooled cash and cash equivalents" and "investments," some of which are restricted assets.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. For purposes of the Proprietary Funds' statement of cash flows, all short-term highly liquid investments, including restricted assets, with original maturities of three months or less from the date of acquisition are considered to be cash equivalents.

The County implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. The County previously reported its investments at fair value on a recurring basis, so the primary effect of the implementation of this Statement was additional disclosure, which can be found below:

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

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At June 30, 2016, all of the investments are reported using Level 1 fair value hierarchy.

South Carolina State law limits investments to those authorized by South Carolina Code of Laws Section 6-5-10. These state statutes authorize investments in the following:

1. Obligations of the United States and agencies thereof.
2. General obligations of the State of South Carolina or any of its political units.
3. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation.
4. Certificates of deposits and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, at a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest.
5. No load open and closed-end portfolios of certain investment companies with issues of the US Government.

The County and its component units have certain funds invested with the South Carolina State Treasurer's Office which established the South Carolina Local Government Investment Pool (the Pool) pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs which are under the custody of any county treasurer or any governing body of a political subdivision of the State may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Separate financial statements can be requested from the South Carolina office of the State Treasurer at the Wade Hampton Office Building, 1200 Senate Street, Columbia, SC, 29201.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The allowance for trade accounts receivable is computed based upon an estimate of collections within each aging category. The allowance for property taxes receivable is based upon a composite average of each delinquent tax year's collections to the outstanding balance at the beginning of the fiscal year.

The County bills and collects property taxes for itself and all other taxing entities within the County. Property taxes are recognized in the period for which they are levied and available for financing current expenditures. Property taxes receivable represents current and delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year-end, except those collected within 60 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds. Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 – 3 percent, February 1 – an additional 7 percent, March 16 – an additional 5 percent. On March 16, the

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property tax bills are turned over to the delinquent tax office and the properties are subject to sale. Taxes on licensed motor vehicles are levied during the month when the taxpayer's vehicle license registration is up for renewal. The County must provide proof of payment to the South Carolina Department of Transportation before that agency will renew the taxpayer's vehicle license.

The County charges a user fee to real property owners and certain commercial and governmental entities providing revenues for a portion of the County's solid waste collection and disposal effort (e.g., landfill and recycling). Tipping fees charged to certain commercial and governmental entities are also included. Annual charges to real property owners are billed in the fall for the subsequent calendar year, but are recognized in full in the year of billing. An allowance for uncollectible accounts is established based upon an historical estimate of the collections within each customer category: residential, commercial, governmental or housing agencies.

The County also charges an annual storm water fee to real property owners in unincorporated areas and certain municipalities. This fee funds the County's storm water management program, which is now required under federal regulations. An allowance for uncollectible accounts is established based upon historical estimates.

3. *Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

In the governmental fund statements, reported inventories and prepaid items are equally offset by a nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

4. *Restricted Assets*

Certain assets of the County's Special Source Revenue Bond Fund and component units derived from proceeds of various General Obligation Bonds and Special Source Revenue Bonds are set aside for their repayment or earmarked by the Trustee for specific purposes. These assets are classified as restricted assets on the balance sheet in both the government-wide and fund financial statements, because their use is limited by applicable bond covenants. All restricted assets are considered expendable.

5. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the assets are not capitalized by governmental or business-type activities.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended June 30, 2016.

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All reported capital assets except land and certain infrastructure assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	45
Buildings Improvements	10-45
Improvements other than buildings	10-45
Public Domain Infrastructure	20-50
Vehicles	5
Office Equipment	5-10
Computer Equipment	3-5
Other Equipment	5-12
Landfill Land	10-20
Sewer Systems	25-50

6. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding represents the difference between the reacquisition price and the net carrying value of the refunded debt. This difference is reported as a deferred outflow of resources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay is recorded when accrued by the employee in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of the employee resignations and retirements.

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8. Fund Equity

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of the other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – A net position that does not meet the definition of “net investment in capital assets” or “restricted.”

Fund Statements

The County follows the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. Fund balances are classified as follows:

Nonspendable fund balance cannot be spent because of its form.

Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Restrictions are placed on fund balances when legally enforceable legislation establishes the County's right to assess, levy, or charge fees to be used for a specific purpose. Legal enforceability means that the County can be compelled by an external party to use resources created by enabling legislation only the purpose specified by the legislation.

Committed fund balance has self-imposed limitations imposed at the highest level of decision making authority. County Council is the County's highest level of decision making that can, by adoption of an ordinance establish, modify or rescind a fund balance commitment. Committed amounts cannot be used for any other purpose unless Council removes those constraints by taking the same type of action. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Council.

Assigned fund balance are amounts intended to be used by the County for specific purposes. Assigned fund balance includes all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed and amounts in the General Fund that are intended to be used for a specific purpose. At this time, Council has elected not to delegate this authority.

Unassigned fund balance in the General Fund equals the net resources in excess of what can be properly classified in one of the above four categories. The County targets General Fund unassigned fund balance at a minimum of 1-1/2 to 2 months of the subsequent year's General Fund disbursements.

Unassigned – All amounts not included in other spendable classifications. The County permits funds to be expended in the following order: Committed, Assigned, and Unassigned.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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When committed, assigned and unassigned resources are available for use for the same purpose, the County depletes committed funds first followed by assigned and unassigned resources last.

When both restricted and unrestricted resources are available for use for the same purpose, the County depletes restricted resources before unrestricted resources are applied.

9. Accounting Estimates

The preparation of financial statements in accordance with GAAP requires the County's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Net Position

Net position, net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

11. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for solid waste disposal, recycling, parking garages, E-911 communication system, radio communication system, revenue collections, public safety systems, and the activity of the programs administered by the Department of Alcohol and Other Drug Abuse Services (DAODAS), vehicle maintenance, telephone service, and employee benefit programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

12. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported as general revenues as transfers.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund and certain Special Revenue Funds including Accommodations, Child Support Enforcement, Economic Development, Education, Fire Districts, Hazardous Materials Enforcement, Public Defender, Storm Water Drainage, Sheriff, Solicitor, and Victim Notification Funds. The balance of the Special Revenue Funds and Capital Projects Funds are budgeted over the life of the grant or project. Formal budgetary policies are not employed for the Debt Service Funds because effective budgetary control is alternatively achieved through General Obligation Bond indenture provisions. Certain reclasses have been made to the general fund presentation of the budget.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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All agencies of the County and its component units must submit requests for appropriations to the County Administrator by March 15 along with revenue estimates so that a budget may be prepared. By May 1, the proposed budgets are presented to County Council for review. The Council holds public hearings and adopts the final budgets by July 1 through passage of an ordinance.

The legal level of budgetary control is determined by County Council at the individual fund level. Expenditures by department, sub-organizational level and major category, i.e. personnel, non-personnel and capital outlay, are further defined in the budget document and are subject to County Administrator approval. The County Administrator is authorized to make transfers between major expenditure categories within departments and between departments within the same fund.

The Administrator has further delegated to the Assistant Administrators the authority to transfer between departments. The budget ordinance must be amended by Council to effect changes in fund totals.

Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations were necessary.

The results were increases and decreases within the individual departments within the funds. All annual appropriations lapse at year-end.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
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III. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits, Cash Equivalents and Investments

Custodial Credit Risk - Deposits

Custodial Credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County follows Section 6-5-15, South Carolina Code of Laws, 1976 (as amended) as its policy for custodial credit risk which states that to the extent that these deposits exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation, the bank or savings and loan association at the time of deposit must: (1) furnish an indemnity bond in a responsible surety company authorized to do business in this State; or (2) pledge as collateral: (a) obligations of the United States; (b) obligations fully guaranteed both as to principal and interest by the United States; (c) general obligations of this State or any political subdivision of this State; or (d) obligations of the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation, in which the local entity is named as beneficiary and the letter of credit otherwise meets the criteria established and prescribed by the local entity.

As of June 30, 2016, none of the County's bank balance of \$319,693,314 was exposed to custodial credit risk.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2016, the County had no exposed custodial credit risk on its investments which total \$275,775,515. \$239,698,392 is reported on the Statement of Net Position and \$36,077,123 is reported with Agency Funds. The County does not have a formal investment policy to address custodial credit risk.

The State Treasurer sells participation in the South Carolina Local Government Investment Pool to political subdivisions of the State. Funds deposited into the South Carolina Local Government Investment Pool by legally qualified entities are used to purchase investment securities as follows:

1. U.S. Government Securities (direct obligations)
2. Federal Agency Securities
3. Repurchase Agreements Secured by U.S. Government Securities and/or Federal Agency Securities
4. A1/P1 Commercial Paper (Moody's/S&P highest rating)

Funds belonging to any entity that are on deposit with the South Carolina Local Government Investment Pool represent participation units in a portfolio comprised of the above referenced securities, and the external investment pool is not rated.

It is policy of the State Treasurer's Office that no derivatives of U.S. Government Securities and/or Federal Agency Securities and/or A1/P1 Commercial Paper are to be purchased by or for the South Carolina Local Government Investment Pool.

Credit Risk

The County had \$100,826,414 invested in the South Carolina Local Government Investment Pool (SCLGIP). \$1,410,755 has been invested in certificates of deposits and therefore by definition is not subject to credit risk. \$10,000,000 has been invested in debt securities of the Federal Home Loan Mortgage Discount Note and \$38,160,000 has been invested in Federal National Mortgage Assistance Pool. \$10,000,000 has been invested in Federal Farm Credit Bank and \$113,244,111 has been invested in Federal Home Loan Bank and \$2,134,235 has been invested in Treasury STRIPS. They are rated AAA and Aaa for long-term unsecured debt by Standards & Poor's and Moodys, respectively. The County has no formal policy relating to the credit risk of investments.

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Investment Policy

The County's Investments are carried at fair market value. Non-participating interest-earning investment contracts, such as bank certificates of deposit whose terms are not affected by changes in market rates, are stated at cost. Investment contracts that have a remaining maturity at the time of the purchase of one year or less are stated at amortized cost, provided the fair value of the investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Amortization of investment premiums and discounts is netted against investment income for financial statement purposes. Money market investments are short-term, highly liquid debt instruments including US Treasury obligations. Interest-earning investment contracts are contracts that a government enters into with a financial institution or other financial services company for which it receives interest payments.

As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy specifies limitations on instruments; diversification and maturity scheduling that are dependent upon whether the funds being invested are considered short term or long term funds. Investment maturities for operating funds are scheduled to coincide with projected cash flow needs, taking in to account large routine expenditures as well as considering sizeable blocks of anticipated revenue. Maturities in this category are timed to comply with the following guidelines:

Under 30 days	10% minimum
Under 90 days	25% minimum
Under 270 days	50% minimum
Under 1 year	90% minimum
Under 18 months	100% minimum

Long-term investment maturity scheduling is timed according to anticipated needs.

	<u>Maturity Date</u>		
Investments and Maturity:	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
Certificates of Deposits	\$ -	\$ 1,410,755	\$ -
SCLGIP	100,826,414	-	-
Federal Home Loan Bank	-	-	113,244,111
Treasury Strips	2,134,235	-	-
Federal Farm Credit Bureau	-	10,000,000	-
Federal Home Loan Mortgage Discount Note	-	10,000,000	-
Federal National Mortgage Assistance Pool	-	37,420,000	740,000
	<u>\$ 102,960,649</u>	<u>\$ 58,830,755</u>	<u>\$ 113,984,111</u>

Concentrations of Credit Risk

Percentages of the County's investments are listed as follows:

Certificates of Deposits	0.51%
SCLGIP	36.56%
Federal Home Loan Bank	41.06%
Federal Farm Credit Bureau	3.63%
Federal Home Loan Mortgage Discount Note	3.63%
Federal National Mortgage Assistance Pool	13.84%
Treasury Strips	0.77%
	<u>100.00%</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Component Units

Cash Deposits, Cash Equivalents and Investments

Interest Rate Risk

The Component Units have no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

None of the component units' bank balances were exposed to custodial credit risk since the entire amount was either insured by FDIC or fully collateralized with securities held by the pledging financial institution's trust departments or agents in the component units' names.

Credit Risk

None of the component units' deposits or investments were subject to credit risk.

Concentrations of Credit Risk

The component units have no formal policies that limit the amounts that may be invested in any one issuer.

Custodial Credit Risk-Investments

None of the component units have a formal investment policy for managing custodial credit risk. As of June 30, 2016, St. John's Fire District had \$10,844 and Charleston County Parks and Recreation Commission had \$161,677 invested in the State Treasurer's Local Government Investment Pool.

Concentration of Risk

The Library and St. Paul's Fire District have no limit on the amount they may invest in any one issuer. The remaining component units have no formal investment policy that would limit its investment choices. None of the component units have more than 5 percent of their investments in any one issuer.

A reconciliation of cash and investments as shown on the Statement of Net Position for the primary government and the component units and Statement of Fiduciary Net Position for agency funds follows:

Cash on hand - primary government	\$	147,175
Cash on hand - component units		3,012
Carrying amount of deposits - primary government		141,520,886
Carrying amount of deposits - component units		40,526,862
Carrying amount of investments - primary government		275,775,515
Carrying amount of investments - component units		172,521
Cash with fiscal agent - primary government		125,000
Total carrying amount of cash and investments	\$	<u>458,270,971</u>
Non-pooled cash and cash equivalents	\$	52,175,320
Pooled cash and cash equivalents		114,178,985
Restricted cash and cash equivalents		16,005,307
Pooled investments		273,502,298
Non-pooled investments		149,825
Restricted investments		2,134,236
Cash with fiscal agent		125,000
Total carrying amount of cash and investments	\$	<u>458,270,971</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

B. Receivables

Receivables as of June 30, 2016, including the applicable allowances for uncollectible accounts, are as follows:

<u>Governmental Funds</u>				
Primary government:				
	<u>General</u>	<u>Debt Service</u>	<u>Transportation Special Revenue Fund</u>	<u>Non-major Governmental Funds</u>
Receivables:				
Current property taxes	\$ 154,736,072	\$ 21,116,109	\$ -	\$ 12,693,097
Delinquent property taxes	3,900,504	748,954	-	486,150
Accounts	29,676,145	-	5,700	973,439
Intergovernmental	20,565,137	39,680	32,615,021	10,534,093
Gross receivables	<u>208,877,858</u>	<u>21,904,743</u>	<u>32,620,721</u>	<u>24,686,779</u>
Less allowance for				
Current property taxes	6,529,862	829,863	-	591,946
Delinquent property taxes	1,643,293	308,046	-	197,866
Accounts	27,034,986	-	-	692,734
Gross allowance	<u>35,208,141</u>	<u>1,137,909</u>	<u>-</u>	<u>1,482,546</u>
Net total receivable	<u>\$ 173,669,717</u>	<u>\$ 20,766,834</u>	<u>\$ 32,620,721</u>	<u>\$ 23,204,233</u>

<u>Proprietary</u>				<u>Totals</u>
<u>Governmental Activities-Internal Service Funds</u>	<u>Environmental Management</u>	<u>Parking Garages</u>	<u>Non-major Business-Type Activities</u>	<u>Primary Government</u>
Receivables:				
Current property taxes	\$ -	\$ -	\$ -	\$ 188,545,278
Delinquent property taxes	-	-	-	5,135,608
Accounts	234,143	5,894,677	-	39,780,006
Intergovernmental	215,119	95,511	21,187	64,823,281
Gross receivables	<u>449,262</u>	<u>5,990,188</u>	<u>21,187</u>	<u>298,284,173</u>
Less allowance for uncollectable:				
Current property taxes	-	-	-	7,951,671
Delinquent property taxes	-	-	-	2,149,205
Accounts	-	3,400,576	-	32,487,015
Gross allowance	<u>-</u>	<u>3,400,576</u>	<u>-</u>	<u>42,587,891</u>
Net total receivable	<u>\$ 449,262</u>	<u>\$ 2,589,612</u>	<u>\$ 21,187</u>	<u>\$ 255,696,282</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Component Units:

	CCL	CCPRC	CRPPC	NCD	CCVRS
Receivables:					
Current property taxes	\$ -	\$ 21,171,033	\$ 145,223	\$ 890,699	\$ -
Delinquent property taxes	-	672,753	12,016	72,952	-
Accounts	60,925	611,758	-	-	-
Intergovernmental	42,210	-	3,492	-	24,649
Gross receivables	<u>103,135</u>	<u>22,455,544</u>	<u>160,731</u>	<u>963,651</u>	<u>24,649</u>
Less allowance for uncollectible:					
Current property taxes	-	832,022	7,305	44,802	-
Delinquent property taxes	-	100,913	5,165	26,944	-
Accounts	-	176,666	-	-	-
Gross allowance	<u>-</u>	<u>1,109,601</u>	<u>12,470</u>	<u>71,746</u>	<u>-</u>
Net total receivable	<u>\$ 103,135</u>	<u>\$ 21,345,943</u>	<u>\$ 148,261</u>	<u>\$ 891,905</u>	<u>\$ 24,649</u>

	SAPPPC	SJFD	SPFD	Total Component Units
Receivables:				
Current property taxes	\$ 1,404,530	\$ 13,598,958	\$ 5,744,860	\$ 42,955,303
Delinquent property taxes	70,739	210,099	397,491	1,436,050
Accounts	18,103	9,458	-	700,244
Intergovernmental	11,008	-	30,000	111,359
Gross receivables	<u>1,504,380</u>	<u>13,818,515</u>	<u>6,172,351</u>	<u>45,202,956</u>
Less allowance for uncollectible:				
Current property taxes	81,041	422,927	433,162	1,821,259
Delinquent property taxes	20,959	56,955	92,961	303,897
Accounts	-	-	-	176,666
Gross allowance	<u>102,000</u>	<u>479,882</u>	<u>526,123</u>	<u>2,301,822</u>
Net total receivable	<u>\$ 1,402,380</u>	<u>\$ 13,338,633</u>	<u>\$ 5,646,228</u>	<u>\$ 42,901,134</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2016, was as follows:

Governmental Activities	Balance July 1, 2015	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 21,383,106	\$ 1,898,765	\$ -	\$ 23,281,871
Construction in progress	87,003	528,745	-	615,748
Infrastructure-easements, land	8,994,877	2,109,354	(795)	11,103,436
Total capital assets not being depreciated	30,464,986	4,536,864	(795)	35,001,055
Capital assets being depreciated:				
Buildings	331,291,508	930,360	-	332,221,868
Improvements other than buildings	3,996,503	61,989	-	4,058,492
Machinery and equipment	115,308,148	14,728,736	(4,180,849)	125,856,035
Infrastructure	38,587,462	2,422,730	-	41,010,192
Total capital assets being depreciated	489,183,621	18,143,815	(4,180,849)	503,146,587
Less accumulated depreciation:				
Buildings	(95,637,727)	(7,426,356)	-	(103,064,083)
Improvements other than buildings	(1,676,186)	(159,692)	-	(1,835,878)
Machinery and equipment	(78,617,100)	(12,535,728)	3,921,576	(87,231,252)
Infrastructure	(34,468,835)	(674,434)	-	(35,143,269)
Total accumulated depreciation	(210,399,848)	(20,796,210)	3,921,576	(227,274,482)
Total capital assets being depreciated, net	278,783,773	(2,652,395)	(259,273)	275,872,105
Governmental activities				
Total capital assets, net	\$ 309,248,759	\$ 1,884,469	\$ (260,068)	\$ 310,873,160

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

	Balance July 1, 2015	Transfer/ Additions	Transfers/ Deletions	Balance June 30, 2016
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 6,914,882	\$ -	\$ -	\$ 6,914,882
Construction in progress	3,823,607	2,348,992	(4,984,476)	1,188,123
Total capital assets not being depreciated	10,738,489	2,348,992	(4,984,476)	8,103,005
Capital assets being depreciated:				
Buildings	28,054,543	-	-	28,054,543
Improvements other than buildings	16,930,496	5,118,161	-	22,048,657
Machinery and equipment	28,965,051	4,857,752	(3,316,299)	30,506,504
Total capital assets being depreciated	73,950,090	9,975,913	(3,316,299)	80,609,704
Less accumulated depreciation:				
Buildings	(11,112,257)	(617,895)	-	(11,730,152)
Improvements other than buildings	(4,707,304)	(827,629)	-	(5,534,933)
Machinery and equipment	(16,147,681)	(3,470,828)	2,696,189	(16,922,320)
Total accumulated depreciated	(31,967,242)	(4,916,352)	2,696,189	(34,187,405)
Total capital assets being depreciated, net				
Business-type activities	41,982,848	5,059,561	(620,110)	46,422,299
Total capital assets, net	<u>\$ 52,721,337</u>	<u>\$ 7,408,553</u>	<u>\$ (5,604,586)</u>	<u>\$ 54,525,304</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities

General government	\$ 9,402,024
Public safety	8,306,932
Judicial	1,589,234
Public works	754,049
Health and welfare	172,682
Economic development	16,715
Culture and recreation	554,574
Total	<u>\$ 20,796,210</u>

Business-type Activities

DAODAS	\$ 299,235
E-911 Communications	431,253
Environmental Management	3,636,964
Parking Garages	438,460
Radio Communications	96,492
Revenue Collections	13,948
Total	<u>\$ 4,916,352</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Component Units

Capital assets not being
depreciated:

	Balance (As Restated) July 1, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 104,924,341	\$ 2,738,614	\$ (1,081,720)	\$ 106,581,235
Construction in progress	2,442,416	2,760,644	(1,242,098)	3,960,962
Artwork	11,000	-	-	11,000
Total capital assets not being depreciated	<u>107,377,757</u>	<u>5,499,258</u>	<u>(2,323,818)</u>	<u>110,553,197</u>
Capital assets being depreciated:				
Buildings	71,361,313	1,595,031	(1,015,630)	71,940,714
Improvements other than buildings	23,518,381	326,549	(18,420)	23,826,510
Machinery and equipment	28,579,169	2,217,582	(2,330,806)	28,465,945
Infrastructure	5,465,344	224,424	(578,878)	5,110,890
Library materials	19,094,331	1,597,351	(6,331,418)	14,360,264
Total capital assets being depreciated	<u>148,018,538</u>	<u>5,960,937</u>	<u>(10,275,152)</u>	<u>143,704,323</u>
Less accumulated depreciation	<u>(81,146,193)</u>	<u>(7,187,158)</u>	<u>9,110,175</u>	<u>(79,223,176)</u>
Total capital assets being depreciated, net	<u>66,872,345</u>	<u>(1,226,221)</u>	<u>(1,164,977)</u>	<u>64,481,147</u>
Component units				
Total capital assets, net	<u>\$ 174,250,102</u>	<u>\$ 4,273,037</u>	<u>\$ (3,488,795)</u>	<u>\$ 175,034,344</u>

Depreciation expense was charged to functions of the component units as follows:

General government	\$ 2,695,944
Public safety	1,744,620
Culture and recreation	<u>2,746,594</u>
Total	<u>\$ 7,187,158</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Construction in progress in the Governmental and Business-type Activities as of June 30, 2016, is composed of the following:

Primary Government	<u>Project Authorization</u>	<u>Expended to June 30, 2016</u>	<u>Commitments Outstanding</u>	<u>Required Future Financing</u>
Governmental activities:				
Software Upgrade	\$ 236,110	\$ 216,223	\$ 19,887	None
Library Projects	<u>18,767,969</u>	<u>399,525</u>	<u>7,458,546</u>	General
Total governmental activities	<u>\$ 19,004,079</u>	<u>\$ 615,748</u>	<u>\$ 7,478,433</u>	Obligation Bonds
Business-type activities:				
MRF Access Road	\$ 1,399,855	\$ 957,315	\$ 442,540	None
Parking Garage Improvements	<u>1,347,588</u>	<u>230,808</u>	<u>186,389</u>	None
Total business-type activities	<u>\$ 2,747,443</u>	<u>\$ 1,188,123</u>	<u>\$ 628,929</u>	

Commitments outstanding represent signed contracts and outstanding encumbrances of the County. As of June 30, 2016, the County has assets under capital lease with a total cost of \$3,035,836 and a net book value of \$1,104,446. The assets are computer equipment depreciated over a three to five year period, copier equipment depreciated over a five year period and two firefighting vehicles depreciated over an eight year period included in the County's machinery and equipment capital asset category.



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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Component Unit	Project Authorization	Expended to June 30, 2016	Commitments Outstanding	Required Future Financing
CCPRC				
Old Towne Stabilization	\$ 186,600	\$ 57,415	\$ 53,785	None
West Ashley Phase I	24,000	117,575	24,000	None
Skate Park	3,817,389	3,439,084	1,270,214	None
Laurel Hill Dike Erosion	62,500	9,500	4,300	None
Point of Sale Software	250,000	63,000	63,000	None
Financial System Software	450,000	242,037	133,000	None
Total CCPRC	<u>4,790,489</u>	<u>3,928,611</u>	<u>1,548,299</u>	
SJFD-Financial Software	<u>60,500</u>	<u>32,351</u>	<u>28,141</u>	None
Total SJFD	<u>60,500</u>	<u>32,351</u>	<u>28,141</u>	
Total Component Units	<u>\$ 4,850,989</u>	<u>\$ 3,960,962</u>	<u>\$ 1,576,440</u>	

D. Interfund Receivables and Payables

The composition of primary government interfund balances at June 30, 2016, is as follows:

	Receivable Fund	Payable Fund
Major governmental funds: General Fund	\$ 735,795	\$ 1,225,558
Non-major governmental funds	-	735,795
Major enterprise funds: Environmental Management	-	10,009,968
Major enterprise funds: Parking Garages	-	1,476,476
Non-major enterprise funds	-	11,326,207
Internal service funds	24,038,209	-
Total	<u>\$ 24,774,004</u>	<u>\$ 24,774,004</u>

Interfund activity relates to funding from the County's General Fund related to County policies for cash flow and operating cash levels of governmental funds, and are expected to be collected within one year. The Employee Benefits Internal Service Fund has a deficit net position for the Year Ended June 30, 2016. This is a result of the implementation of GASB 68 which requires the County to report the pension liabilities for the state retirement plan as well as related deferred inflow and deferred outflow accounts. The County has chosen to report this as part of their Employee Benefits fund, and will be funded by the governmental funds in future years. The enterprise funds included as part of the Business - Type activities report their portion of this liability and related deferred accounts in the interfund balances due to the Employee Benefits Fund. This resulted in a deficit net position in the Revenue Collections Fund which also will be funded by governmental funds in future years.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

E. Interfund Transfers

A summary of transfers is as follows:

	Transfer In	Transfer out
Major governmental funds:		
General Fund	\$ 4,466,840	\$ (20,172,244)
Debt Service Fund	7,380,765	(330,725)
Transportation and Road Sales Tax	16,176,664	(20,881,424)
Special Source Revenue Bonds	3,824,376	(6,802,201)
Non-major governmental funds	22,694,514	(13,305,695)
Major business-type activities:		
Parking Garage	-	(1,672,161)
Non-major business-type activities	3,966,595	-
Internal Service Funds	5,224,778	(570,082)
Total	<u>\$ 63,734,532</u>	<u>\$ (63,734,532)</u>

Transfers are used to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Leases

Operating Leases

In December 2012 the Charleston County Library entered into a lease agreement for non-public use computers. The original lease agreement was for a thirty-six month period commencing January 2013, with a minimum monthly charge of \$8,468. In February 2014, this lease was extended another twelve months to a total of forty eight months ending in January 2017, with a new monthly charge of \$6,866 with payments beginning in March 2014. The total minimum commitment over the lease term is \$358,862. In April 2014, the Library entered into an additional lease agreement for public computers. The lease agreement is for a forty-eight month period commencing May 2014 with a minimum monthly charge of \$7,142 for a total minimum commitment of \$342,816 over the lease term. In September 2015, the Library entered into an additional lease agreement for computers to be used in the technology labs. The lease agreement is for a forty-eight month period commencing in December 2015 with a minimum monthly charge of \$2,224 for a total commitment of \$106,752 over the lease term. Total rent expense associated with the computer leases for the year ended June 30, 2016, is \$222,155. In addition to these leases, the Library holds other verbal agreements with various parties for the rental of Library branches and equipment. These leases run on a month-to-month basis and are cancelable by either party. Rental expense associated with the copier leases for the year ended June 30, 2016, is \$175,860.

Future minimum lease payments under these non-cancelable operating leases are as follows:

<u>Year Ending - June 30</u>	<u>CCL</u>
2017	\$ 160,448
2018	98,102
2019	26,686
2020	11,119
	<u>\$ 296,355</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

St. Andrew's Parish Parks and Playground Commission currently leases certain equipment under non-cancelable operating leases. The future minimum lease payments due under this lease are:

<u>Year Ending - June 30</u>	<u>SAPPPC</u>
2017	\$ 8,964
2018	8,964
2019	1,494
	<u>\$ 19,422</u>

G. Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the County to place a final cover on its Romney Street and Bees Ferry landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,891,320 reported as the accrual for landfill closure and post-closure at June 30, 2016, represents the estimated remaining cost reported of \$24,812,620 less \$16,921,300 deferred to date based on the following information:

<u>Landfill Site</u>	<u>Percentage of Capacity Used</u>	<u>Estimated Costs Recognized</u>			<u>Balance To Be Recognized</u>
		<u>Closure</u>	<u>Post-closure</u>	<u>Total</u>	
Romney Street	100%	\$ 5,490,798	\$ 379,190	\$ 5,869,988	\$ -
Bees Ferry					
Ash storage facility	100%	1,117,258	106,130	1,223,388	-
68 acres	100%	6,038,809	-	6,038,809	-
54 acres	100%	9,727,000	-	9,727,000	-
Bees Ferry lined landfill	23.2%	4,423,000	650,000	5,073,000	16,793,420
Bees Ferry C&D landfill	94.8%	1,804,100	528,900	2,333,000	127,880
Totals		<u>\$ 28,600,965</u>	<u>\$ 1,664,220</u>	<u>\$ 30,265,185</u>	<u>\$ 16,921,300</u>

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2016. The County began to close the Landfills in 1994. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The County anticipates that available resources will be the primary source of funds to pay the cost of closure.

The County has issued under separate cover, a certification signed by its Deputy Administrator for Finance stating compliance with final Environmental Protection Agency regulations regarding financial assurance for operators of Municipal Solid Waste Landfill Facilities, including a required statement from our independent auditor. The computations required under these regulations are included in page 208 in the statistical section of this report.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

H. Short-term Debt

The County had one short-term borrowing during the fiscal year for Awendaw Fire District's capital additions. Some of the County's component units use short-term tax anticipation notes or lines of credit to finance general operating expenditures during the fiscal year ended June 30, 2016. The activity in short-term debt for the fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
SJFD	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -
	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -

I. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2016.

Primary Government:	Balance July 1, 2015	Increase	Decrease	Balance June 30, 2016	Amounts Due In One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 564,129,572	\$ 144,662,983	\$ (150,010,800)	\$ 558,781,755	\$ 41,028,224
Special source revenue bond	93,023,393	-	(343,135)	92,680,258	357,784
Intergovernmental note payable	26,981,981	-	(1,453,932)	25,528,049	1,537,243
Capital lease payable	2,168,844	70,405	(832,463)	1,406,786	767,097
Compensated absences	11,177,370	643,052	(470,981)	11,349,441	470,981
OPEB	29,186,803	3,034,811	-	32,221,614	-
Total	<u>\$ 726,667,963</u>	<u>\$ 148,411,251</u>	<u>\$ (153,111,311)</u>	<u>\$ 721,967,903</u>	<u>\$ 44,161,329</u>
<u>Business-type activities</u>					
Accrual for landfill closure	\$ 6,855,400	\$ 1,035,920	\$ -	\$ 7,891,320	\$ 1,035,920
Compensated absences	1,240,359	97,152	(41,904)	1,295,607	41,904
Total	<u>\$ 8,095,759</u>	<u>\$ 1,133,072</u>	<u>\$ (41,904)</u>	<u>\$ 9,186,927</u>	<u>\$ 1,077,824</u>

Internal Service Funds predominantly serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences, net pension obligations and net other post-employment benefit obligations are generally liquidated from the applicable governmental fund's budgeted operations monies.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

General Obligation Bonds. The County and its component units issue General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. All other obligations are reported in the Governmental activities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the County.

Primary government General Obligation Bond's payable at June 30, 2016, is comprised of the following:

Issue Date	Title of Issues	Principal Amount	
		Original	Outstanding
December 5, 2007	General Obligation Bonds, Series 2007, 4.30 percent to 5.0 percent interest, semi-annual interest payments beginning in May 2008, matures 2028; the first annual principal payment was due in fiscal year 2010.	\$ 75,000,000	\$ 6,020,000
December 5, 2007	General Obligation Transportation Sales Tax Bonds, Series 2007 (referendum), 4.00 percent to 5.25 percent interest, semi-annual interest payments beginning in May 2008, matures 2027; the first annual principal payment was due in fiscal year 2010.	150,000,000	13,170,000
August 1, 2009	General Obligation Capital Improvement Bonds of 2009, Series A, 3.00 percent to 5.50 percent interest, annual principal payment beginning in fiscal year 2012, semi-annual interest payments beginning in fiscal year 2010, matures in fiscal year 2029.	50,000,000	8,700,000
August 1, 2009	General Obligation Refunding Bonds of 2009, Series B, 1.25 percent to 3.25 percent interest, annual principal payments beginning in fiscal year 2011, semi-annual interest payments beginning in fiscal year 2010, matures in fiscal year 2021.	20,775,000	2,010,000
July 27, 2011	General Obligation Capital Improvement Transportation Sales Tax Bonds of 2011, 3.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2011, first annual principal payment due in fiscal year 2013, matures in fiscal year 2030.	167,000,000	146,670,000
July 27, 2011	General Obligation Capital Improvement Bonds of 2011, 2.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2011, first annual principal payment due in fiscal year 2013, matures in fiscal year 2032.	27,100,000	23,545,000
March 22, 2012	General Obligation Transportation Sales Tax Refunding Bonds of 2012, 2.00 percent to 5.00 percent interest, semi-annual interest payments beginning in May 2012, first annual principal payment due in fiscal year 2013, matures in fiscal year 2025.	32,095,000	31,320,000
May 21, 2013	General Obligation Transportation Sales Tax Refunding Bond of 2013, 3.25 percent to 5.00 percent semi-annual interest payments beginning in November 2013, first annual principal payment due in fiscal year 2018, matures in fiscal year 2028.	70,135,000	70,135,000

COUNTY OF CHARLESTON, SOUTH CAROLINA
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May 21, 2013	General Obligation Refunding Bond Series A of 2013, 3.00 percent to 5.00 percent semi-annual interest payments beginning in November 2013, first annual principal payment due in fiscal year 2020, matures in fiscal year 2025.	28,940,000	28,940,000
May 21, 2013	General Obligation Refunding Bond Taxable Series B of 2013, 2.00 percent to 2.50 percent semi-annual interest payments beginning in November 2013, first annual principal payment due in fiscal year 2014, matures in fiscal year 2022.	30,695,000	29,150,000
May 15, 2014	General Obligation Refunding Bonds Series A of 2014, 2.00 percent to 5.00 percent semi-annual interest payments beginning in December 2014, first annual principal payment due in fiscal year 2015, matures in fiscal year 2022.	14,955,000	10,735,000
May 15, 2014	General Obligation Refunding Bonds Taxable Series B of 2014, 1.35 percent to 5.00 percent semi-annual interest payments beginning in December 2014, first annual principal payment due in fiscal year 2015, matures in fiscal year 2019.	14,235,000	6,915,000
November 3, 2015	General Obligation Capital Improvement Bonds, Series 2015A, 3.00 percent to 5.00 percent interest, annual principal payments beginning in November 2016, semi-annual interest payments beginning in May 2016, matures in fiscal year 2036.	18,795,000	18,795,000
November 3, 2015	General Obligation Fire Protection Services Bonds, Series 2015B, 2.00 percent to 3.125 percent interest, annual principal payments beginning in November 2016, semi-annual interest payments beginning in May 2016, matures in fiscal year 2034.	2,080,000	2,080,000
November 3, 2015	General Obligation Refunding Bonds Series 2015C, 3.00 percent to 5.00 percent interest, annual principal payments beginning in November 2018, semi-annual interest payments beginning in May 2016, matures in fiscal year 2029.	56,680,000	56,680,000
November 3, 2015	General Obligation Transportation Sales Tax Refunding Bonds, Series 2015D, 3.50 percent to 5.00 percent interest, annual principal payments beginning in November 2018, semi-annual interest payments beginning in May 2016, matures in fiscal year 2027.	46,250,000	46,250,000
Subtotal		<u>\$804,735,000</u>	501,115,000
Add: Premium			57,666,755
General obligation debt per statement of net position			558,781,755
Less current portion, including premium			(41,028,224)
Long-term portion outstanding			<u>\$517,753,531</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Special Source Revenue Bonds. The County issued \$86,405,000 Special Source Revenue Bonds on December 11, 2013. The proceeds of this issue are to be used for the costs of designing and constructing an extension of South Aviation Avenue Project as part of the Charleston Airport Area Improvement Project. These bonds are expected to be repaid from a portion of the FILOT payments.

Primary government Special Source Revenue Bonds payable at June 30, 2016, is comprised of the following:

Issue Date	Title of Issues	Principal Amount	
		Original	Outstanding
December 11, 2013	Charleston County Special Source Revenue Bonds, Series 2013, 4.00 percent to 5.00 percent semi-annual interest payments beginning in June 2014, first annual principal payment due in fiscal year 2019, matures in fiscal year 2039.	\$ 86,405,000	\$ 86,405,000
Subtotal		<u>\$ 86,405,000</u>	86,405,000
Add: Premium			6,275,258
Special source revenue debt per statement of net position			92,680,258
Less current portion, including premium			<u>(357,784)</u>
Long-term portion outstanding			<u><u>\$ 92,322,474</u></u>

Intergovernmental Note Payable - In July 2001 the County entered into an intergovernmental loan agreement with the South Carolina Transportation Infrastructure Bank to fund a portion of the cost of the new Arthur Ravenel, Jr. Bridge over the Cooper River. The County has agreed to pay \$3,000,000 per year for the next twenty-five years beginning January 2004. The County has recorded the obligation on its records at a net present value using the discount rate of 5.73 percent.

Annual requirements to amortize the intergovernmental note payable outstanding at June 30, 2016, are as follows:

Year Ending June 30	Intergovernmental Note Payable	Principal	Interest
2017	\$ 3,000,000	\$ 1,537,243	\$ 1,462,757
2018	3,000,000	1,625,328	1,374,672
2019	3,000,000	1,718,458	1,281,542
2020	3,000,000	1,816,926	1,183,074
2021	3,000,000	1,921,036	1,078,964
2022-2026	15,000,000	11,387,999	3,612,001
2027-2028	6,000,000	5,521,059	478,941
Total	<u>\$ 36,000,000</u>	<u>\$ 25,528,049</u>	<u>\$ 10,471,951</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Capital Lease Obligations - Several component units have utilized capital leases to finance the acquisition of various types of equipment. The details of each entity's capital leasing activities are summarized later in this note. The County uses capital lease funding to finance the purchase of various equipment. Capital leases outstanding at June 30, 2016, include the following:

<u>Governmental Activities</u>	<u>Original</u>	<u>Outstanding</u>
Leases dated July 2013 to March 2014 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight equal installments of \$110,733 through December 2017, includes principal and interest at 5.485 percent to 5.993 percent per annum.	\$ 794,923	\$ 304,971
Leases dated March 2015 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight equal semi-annual installments of \$66,985 through December 2018, includes principal and interest at 5.285 percent to 5.680 percent per annum.	483,458	308,913
Leases dated June 2012 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in ten semi-annual installments of \$31,338 and \$4,649 through April 2017, includes principal and interest at 6.572 to 7.181 percent per annum.	299,650	59,715
Leases dated January 2013, payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight semi-annual installments of \$94,841 through December 2016 includes principal and interest at 5.49 to 5.52 percent per annum.	712,055	92,302
Leases dated July 2015, payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight semi-annual installments of \$7,761 through January 2019, includes principal and interest at 6.060 percent per annum.	55,928	42,000
<u>Internal Service Fund</u>		
Lease dated July 2013 payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in five annual installments of \$298,832 through October 2017, and includes principal and interest at 7.085 percent per annum.	1,286,123	539,655
Leases dated October to November 2014 payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in five annual installments ranging from \$12,889 to \$24,471 through July 2018 includes principal and interest at 4.378 to 7.836 percent per annum.	82,432	49,520
Lease dated July 2015, payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in three annual installments of \$5,057 to \$5,516 through August 2017, and includes principal and interest at 9.466 percent per annum.	14,477	9,710
	<u>\$ 3,729,046</u>	<u>1,406,786</u>
Less current portion		<u>(767,097)</u>
Long-term portion outstanding		<u>\$ 639,689</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

A summary of the annual requirements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 767,097	\$ 79,148	\$ 846,245
2018	548,561	34,652	583,213
2019	91,128	2,961	94,089
Total	<u>\$ 1,406,786</u>	<u>\$ 116,761</u>	<u>\$ 1,523,547</u>



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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Amortization of Long-term Debt. Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2016.

Year Ending June 30	General Obligation Bonds		Special Source Revenue Bonds		
	Principal	Interest	Principal	Interest	Totals
2017	\$ 33,270,000	\$ 20,736,672	\$ -	\$ 4,269,369	\$ 58,276,041
2018	35,735,000	19,659,379	-	4,269,369	59,663,748
2019	35,135,000	18,248,722	3,380,000	4,184,869	60,948,591
2020	36,875,000	16,835,793	3,570,000	4,011,119	61,291,912
2021	32,630,000	15,427,014	3,330,000	3,838,619	55,225,633
2022	33,920,000	13,852,787	3,080,000	3,678,368	54,531,155
2023	35,265,000	12,170,636	2,930,000	3,528,118	53,893,754
2024	38,340,000	10,441,021	3,030,000	3,379,118	55,190,139
2025	41,485,000	8,529,856	3,155,000	3,224,494	56,394,350
2026	44,550,000	6,474,343	3,315,000	3,062,744	57,402,087
2027	48,155,000	4,329,287	3,480,000	2,892,869	58,857,156
2028	33,770,000	2,597,271	3,655,000	2,714,494	42,736,765
2029	22,950,000	1,509,368	3,835,000	2,527,244	30,821,612
2030	17,665,000	734,781	4,030,000	2,350,769	24,780,550
2031	3,115,000	330,681	4,190,000	2,186,368	9,822,049
2032	3,225,000	215,731	4,355,000	2,012,747	9,808,478
2033	1,240,000	138,631	4,535,000	1,809,550	7,723,181
2034	1,280,000	100,031	4,765,000	1,577,050	7,722,081
2035	1,235,000	60,734	5,000,000	1,326,675	7,622,409
2036	1,275,000	20,718	5,265,000	1,057,219	7,617,937
2037	-	-	5,540,000	773,587	6,313,587
2038	-	-	5,830,000	475,125	6,305,125
2039	-	-	6,135,000	161,044	6,296,044
Totals	501,115,000	152,413,456	86,405,000	59,310,928	799,244,384
Add Premium	57,666,755	-	6,275,258	-	63,942,013
Total debt- governmental activity	\$ 558,781,755	\$ 152,413,456	\$ 92,680,258	\$ 59,310,928	\$ 863,186,397

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Advance Refunding – The County issued \$46,250,000 General Obligation Transportation Sales Tax Refunding Bonds in November 2015 to provide resources to purchase U.S. Government Treasury Notes that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$50,260,000 of Series 2007 General Obligation Transportation Sales Tax Bonds. As a result, the refunded general obligation bonds are considered defeased and the liability has been removed from the Statement of Net Position – Governmental Activities. This refunding was undertaken to substantially reduce interest cost to the County and to level future debt service requirements to minimize the impact on property tax millage. The revised debt service was decreased by \$5,618,430 over the next ten years and resulted in an economic gain of \$4,911,720. At June 30, 2016, \$50,260,000 of the 2007 bonds are considered defeased.

The County also issued \$56,680,000 General Obligation Refunding Bonds in November 2015 to provide resources to purchase U.S. Government Treasury Notes that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$25,930,000 of Series 2007 General Obligation Bonds and \$34,330,000 of Series 2009A General Obligation Bonds. As a result, the refunded general obligation bonds are considered defeased and the liability has been removed from the Statement of Net Position – Governmental Activities. This refunding was undertaken to substantially reduce interest cost to the County and to level future debt service requirements to minimize the impact on property tax millage. The revised debt service was decreased by \$7,149,038 over the next thirteen years and resulted in an economic gain of \$6,217,397. At June 30, 2016, \$60,260,000 of the bonds are considered defeased.

There are a number of limitations and restrictions contained in the various bond and certificate indentures, such as types of investments, promise to levy tax sufficient to cover debt service and establishment of a sinking fund. The County is in compliance with all significant limitations and restrictions as of June 30, 2016.

The following is a summary of the changes in long-term obligations of the component units for the year-ended June 30, 2016:

Component Units	Balance			Balance	Amount Due
	July 1, 2015	Increases	Decreases	June 30, 2016	in One Year
Accrued compensated absences	\$ 3,857,212	\$ 2,357,455	\$ (2,176,803)	\$ 4,037,864	\$ 1,088,866
Net other post-employment benefits	51,474	188,028	(9,843)	229,659	7,936
General obligation bonds	42,317,165	8,835,000	(6,849,676)	44,302,489	9,933,426
Capital lease obligations	4,093,296	793,042	(982,543)	3,903,795	1,169,281
Revenue bonds	374,639	-	(112,075)	262,564	84,005
Notes payable	62,682	40,000	(22,890)	79,792	33,389
Total	\$ 50,756,468	\$ 12,213,525	\$ (10,153,830)	\$ 52,816,163	\$12,316,903

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

	Range of Maturity Dates	Range of Interest Rates	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Accrued compensated absences:						
CCL			\$ 1,143,010	\$ 680,987	\$ (670,391)	\$ 1,153,606
CCPRC			1,389,121	598,150	(552,674)	1,434,597
SAPPPC			57,011	16,823	-	73,834
SJFD			915,249	847,799	(730,798)	1,032,250
SPFD			352,821	213,696	(222,940)	343,577
Total accrued compensated absences			3,857,212	2,357,455	(2,176,803)	4,037,864
Net other post-employment benefits:						
CCPRC			2,342	188,028	-	190,370
SPFD			49,132	-	(9,843)	39,289
Total net other post-employment benefits			51,474	188,028	(9,843)	229,659
General obligation bonds:						
CCPRC	2016 - 2028	0.65% - 4.00%	32,344,490	8,835,000	(5,986,632)	35,192,858
SPFD	2016 - 2027	2.315% - 3.45%	3,671,219	-	(333,438)	3,337,781
SJFD	2016 - 2024	2.00% - 2.125%	6,301,456	-	(529,606)	5,771,850
Total general obligation bonds			42,317,165	8,835,000	(6,849,676)	44,302,489
Capital lease obligations:						
CCL	2016 - 2020		166,783	-	(32,015)	134,768
CCPRC	2016 - 2018	1.16%	1,000,000	-	(358,105)	641,895
SPFD	2016 - 2021	2.57%	-	793,042	-	793,042
SJFD	2016 - 2021	3.076% - 5.593%	2,926,513	-	(592,423)	2,334,090
Total capital lease obligations			4,093,296	793,042	(982,543)	3,903,795
Revenue Bonds:						
SAPPPC	2016 - 2020	1.77% - 2.58%	374,639	-	(112,075)	262,564
Notes payable:						
SAPPPC	2016 - 2019	1.46% - 3.89%	62,682	40,000	(22,890)	79,792
Total component units long-term obligations			\$ 50,756,468	\$ 12,213,525	\$ (10,153,830)	\$ 52,816,163

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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The annual debt service requirements to maturity for component unit long-term obligations, excluding compensated absences, are as follows:

General Obligation Bonds

				Total Component
<u>Year Ending June 30</u>	<u>SJFD</u>	<u>SPFD</u>	<u>CCPRC</u>	<u>Units</u>
2017	\$ 537,212	\$ 442,811	\$ 9,940,638	\$ 10,920,661
2018	703,813	442,941	3,924,700	5,071,454
2019	701,912	443,001	3,924,250	5,069,163
2020	469,813	442,991	3,929,000	4,841,804
2021	822,112	442,913	3,989,188	5,254,213
2022 - 2026	3,111,494	1,553,213	9,740,000	14,404,707
2027 - 2028	-	86,968	3,337,250	3,424,218
Total	6,346,356	3,854,838	38,785,026	48,986,220
Less interest and plus amortized premium included above	(574,506)	(517,057)	(3,592,168)	(4,683,731)
Debt per statement of net position	<u>\$ 5,771,850</u>	<u>\$ 3,337,781</u>	<u>\$ 35,192,858</u>	<u>\$ 44,302,489</u>

Future minimum capital lease payments

Future minimum capital lease payments					Total
Year Ending June 30	CCL	CCPRC	SJFD	SJFD	Component Units
2017	\$ 38,443	\$ 371,064	\$ 734,198	\$ 171,191	\$ 1,314,896
2018	38,443	278,298	565,938	171,191	1,053,870
2019	38,443	-	565,938	171,191	775,572
2020	28,835	-	565,938	171,191	765,964
2021	-	-	214,401	171,193	385,594
Future minimum capital lease payments	144,164	649,362	2,646,413	855,957	4,295,896
Less amount representing interest	(9,396)	(7,467)	(312,323)	(62,915)	(392,101)
Debt per statement of net position	\$ 134,768	\$ 641,895	\$ 2,334,090	\$ 793,042	\$ 3,903,795

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Revenue Bonds

<u>Year Ending June 30</u>	<u>SAPPPC</u>
2017	\$ 88,770
2018	88,772
2019	73,147
2020	20,803
Total	271,492
Less interest included above	(8,928)
Debt per statement of net position	<u>\$ 262,564</u>

Notes Payable

<u>Year Ending June 30</u>	<u>SAPPPC</u>
2017	\$ 34,831
2018	33,620
2019	13,638
Total	82,089
Less interest included above	(2,297)
Debt per statement of net position	<u>\$ 79,792</u>



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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Prior Year Defeasance of Debt - In prior years, the primary government defeased various outstanding debt issues by placing proceeds of new debt or other funds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust accounts and the defeased debt are not included in these financial statements. At June 30, 2016, the following debt issues outstanding are considered defeased:

	Governmental Activities
Primary Government:	
General Obligation Bonds:	
Series 2006 - CIP	\$ 30,265,000
Series 2007 - TST	60,635,000
Series 2007 and 2009 CIP	60,260,000
Series 2007 - TST	50,260,000
Total General Obligation Bonds	<u>201,420,000</u>
 Total Primary Government	 <u><u>\$ 201,420,000</u></u>



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COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Legal Debt Limit - The County's borrowing power is restricted by amended Article X, Section 14, of the State Constitution effective December 1, 1977. This section provides that a local unit cannot at any time have total general obligation debt outstanding in an amount that exceeds eight percent of its assessed property value. Excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness; levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing on December 1, 1977, the effective date of the constitutional amendment.

Beginning January 1, 1996, the South Carolina Legislature changed the definition of debt subject to the 8 percent limit to include all Certificates of Participation at the time of issue subsequent to December 31, 1995. The following computation reflects the County's compliance with this limitation:

Assessed value of real and personal property		\$ 3,684,953,216
Value of merchants inventory and manufacturers depreciation		<u>26,943,597</u>
Total assessed value		<u><u>\$ 3,711,896,813</u></u>
Debt limitation-8 percent of total assessed value		\$ 296,951,745
Total bonded debt:		
General Obligation Bonds	\$ 501,115,000	
Less:		
Series 2007 G.O. Bond Transportation Sales Tax	\$ (13,170,000)	
Series 2011 G.O. Bond Transportation Sales Tax	(146,670,000)	
Series 2012 G.O. Bond Transportation Sales Tax	(31,320,000)	
Series 2013 G.O. Bond Transportation Sales Tax	(70,135,000)	
Series 2015D G.O. Bond Transportation Sales Tax	(46,250,000)	(307,545,000)
Total debt subject to debt limit		<u>193,570,000</u>
Legal debt margin		<u><u>\$ 103,381,745</u></u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

J. Fund Equity

Nonspendable for inventories and prepaid items. These amounts do not represent available spendable resources even though they are components of net current assets.

Restricted for debt service. Fund balance subject to the provision of various bond indenture and Certificate of Participation lease agreements as to restrictions on expenditures.

Committed for capital projects. All capital project fund balances, are committed for the acquisition of capital assets, for the completion of existing projects and for future projects.

Restricted for special revenue funds. Amounts restricted in accordance with the various use restrictions placed on their assets under applicable grant agreements and legislation.

I.V. OTHER INFORMATION

A. Risk Management

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. For all of these risks, the County and its component units are members of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The County and its component units pay an annual premium to the State Insurance Reserve Fund for its general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The County and its component units are also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The County has enrolled substantially all of its employees in the State's health insurance plans administered by the South Carolina Public Employee Benefit Authority (PEBA). The County records contributions from employer funds, employees, and retirees in the Employee Benefits Trust Internal Service Fund which remits the premiums to the State. The State reinsures through commercial companies for these risks. The various component units of the County insure the health, life, accident, dental and other medical benefits to their employees and their dependents through commercial insurance companies.

Effective July 1, 1995, the County established a self-insured plan to fund risks associated with workers' compensation claims. Claims administration is handled by a third party with reinsurance through commercial insurance companies for all individual claims in excess of \$100,000. All funds of the County participate in the program and make payments to the Workers' Compensation Internal Service Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$3,540,000 reported in the Fund at June 30, 2016, is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County purchases insurance contracts from commercial insurers to satisfy certain liabilities under workers' compensation claims; accordingly, no liability is reported for those claims. The liability is included in the County's accounts payable as reported in the fund statement and statement of net position.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Changes in the Fund's estimated claims liability amount in fiscal year 2015 and 2016 were:

<u>Year Ended June 30</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2015	\$ 3,540,000	\$ 4,070,475	\$ (4,190,475)	\$ 3,420,000
2016	\$ 3,420,000	\$ 3,137,663	\$ (3,597,663)	\$ 2,960,000

For all of the above risk management programs, except workers' compensation, the County and its component units have not significantly reduced insurance coverage from the previous year; settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the County and its Component units have effectively transferred all risk with no liability for unfunded claims.



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B. Subsequent Events

On November 8, 2016, the voters of Charleston County voted to approve an additional one-half (1/2) of one percent special sales and use tax for not more than twenty-five years, or until a total of \$2,100,000,000 in resulting revenue has been collected, whichever occurs first. The sales tax proceeds will be used to fund the following projects:

1. For financing the costs of highways, roads, streets, bridges, and other transportation-related projects facilities, and drainage facilities.
2. For financing the costs of mass transit systems.
3. For financing the costs of greenbelts.

On September 6, 2016, County Council voted to accept a \$5 million SCANA Economic Development Grant for use in the Airport Area Infrastructure Improvements Program with the understanding that this grant will be managed by the Charleston County Economic Development Department.

On September 20, 2016, County Council voted to authorize award of bid for the Highway 61 – Highway 7 Intersection Improvement Project to Blythe Development Company in the amount of \$7,578,396.

During the year ending June 30, 2016 Charleston County Council approved the future issuance of a tax anticipation note (TAN) in the amount of \$2,500,000. Subsequent to June 30, 2016, the St. John's Fire District has borrowed \$2,000,000 from this TAN as of the audit report date. As a result, \$500,000 of the \$2,500,000 TAN is still available to the District. Any advances received by the District against the TAN will bear interest at a rate equal to the interest rate paid by the South Carolina Investment Pool during the period the note is outstanding, and the principal and accrued interest, if any, is due and payable in March 2017.

In April 2016, the St. John's Fire District Commissioners approved issuing general obligation bonds not to exceed \$11.4 million to defray the costs of (i) acquiring and equipping fire apparatus, including, without limitation, a ladder truck, two engines and a tender, (ii) designing, constructing, renovating, equipping and decommissioning certain maintenance and fire station facilities, (iii) purchasing or rehabilitating capital assets used or useful in furtherance of the operation of the District, and the costs of issuance thereof. The District will issue the bonds in two phases, with the first phase of \$5.43 million issued in July 2016, and the second phase anticipated to be issued in mid-2017.

In April 2016, the North Charleston District Commissioners voted to transfer two of its fire stations, including the land, buildings and contents to the City of North Charleston as part of the fiscal year 2017 fire services contract with the City. As of the audit report date, the legal documents related to these transfers are still in progress. The June 30, 2016 book value of the assets to be transferred totals approximately \$62,060.

On December 14, 2016, a Federal grand jury returned indictments against two employees of the St. Paul's Fire District. The Chief and Assistant Chief are accused of fraud and the effect on the St. Paul's financial statements is not known at this time.

C. Contingent Liabilities

Federal Grants - Amounts received or receivable from grants are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Management has not been informed of any significant matters of non-compliance with grant provisions or planned grantor audits. The amount of grant expenditures which may be disallowed cannot be determined at this time, but the County believes that any amount will be immaterial.

Litigation - The County and its component units are party to various lawsuits that are normal in the operations of a county government. These lawsuits involve disputes arising from various matters, including

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the termination of employment, wrongful death and survival, personal injury and other tort actions, delinquent tax sales, contractual agreements, and civil rights violations. It is the opinion of legal counsel that it cannot be determined whether resolution of these matters, individually or in the aggregate in excess of insurance coverage, will have a material adverse effect on the financial condition of the County and its component units.

Annexation - Several of the component units serve geographic regions which are subject to annexation by the surrounding municipalities. Should these annexations continue, there could be a significant impact on the operations of the various component units. The South Carolina General Assembly is currently considering legislation which would require the municipality which annexes properties of another political subdivision to assume responsibility for payment of the pro-rata bonded debt outstanding on the date of annexation.

In May 2000, the South Carolina General Assembly passed legislation to address the loss of revenues by public service districts due to annexations by municipalities. The legislation calls for an agreed-upon plan between the annexing municipality and the public service district. This plan would protect the remaining unannexed area in the public service district from economic loss of revenue brought about by annexation.

This legislation should lessen but not eliminate the impact on the operations of various component units due to annexations.

D. Commitments

The County and its various component units have various commitments to provide facilities or services under numerous agreements signed with third parties in addition to its construction commitments and recorded encumbrances.

In July 2001, the County entered into an intergovernmental agreement with the South Carolina Infrastructure Bank to make twenty-five annual payments of \$3,000,000 beginning in January 2004 as a local match to help defray the cost of the Arthur Ravenel Jr. Bridge over the Cooper River built by the State to replace the existing bridges connecting the City of Charleston and the Town of Mt. Pleasant. This debt is shown as an inter-government note payable in Note I of these financial statements.

The County entered into an agreement with the South Carolina Transportation Infrastructure Bank (SCTIB) for the completion of the Mark Clark Expressway. This agreement was executed on June 8, 2007, between the County, the SCTIB, and The South Carolina Department of Transportation. The total project funding requested was \$725 million. On December 15, 2015, the South Carolina Transportation Infrastructure Bank Board has passed a resolution which requires Charleston County to:

1. Develop a solid plan to cover the project's \$305 million to \$353 million funding shortfall and adopt a binding resolution to fund or secure funding for it by March 30, 2016.
2. Complete a new three-party contract, known as an Intergovernmental Agreement, with the bank and the DOT by April 30, 2016.
3. Adopt and implement a legally enforceable ordinance putting the plan in place and making funds available on a schedule acceptable to the bank by December 16, 2016.

The first two deadlines were not met by Charleston County. Negotiations with the SCTIB and the South Carolina Department of Transportation are continuing.

On September 15, 1997, the County entered into an intergovernmental agreement with the City of North Charleston to help fund the construction of a convention center adjacent to the North Charleston Coliseum. The agreement requires the County to be responsible for the pro-rata debt service on \$18,095,000 of a total \$48,045,000 in Certificates of Participation issued by the City on September 15, 1997. The debt service is

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to be paid monthly to a trustee from the revenues of the County Accommodations Special Revenue Fund. The agreement allows for non-payment in the event of non-appropriation by the City of North Charleston and for reduced payments if accommodation fee revenues fall below the payment amount. Annual debt service on the County's \$18,095,000 obligation, maturing in 2020, under the agreement is approximately \$1.4 million.

This agreement is funded from a specific source of funds, the Accommodations Fee. The agreement also contains provisions for the non-payment of these obligations by the County if the revenues from the Accommodations Fee are not sufficient to make the payment or if the party that issued the debt (the City of North Charleston) does not make their pro-rata debt service. Therefore, the determination has been made that this commitment does not represent debt to the County and is not reflected in the entity-wide financial statements.

On April 7, 2008, the County entered into a ten-year agreement with the Charleston Animal Society formerly the John Ancrum Society for the Prevention of Cruelty to Animals for the care and impoundment of animals delivered to the shelter by the County. The original agreement with the Society was dated January 23, 1979, and has been updated several times since then. The amended non-cancelable portion of the agreement calls for the County to pay a base monthly fee of \$34,539. Additionally, the County agrees to pay the Society \$5.77 for the receiving and immunization of each animal placed in custody and \$5.77 boarding fee per animal per day. The County will also pay a euthanasia fee of \$5.77 for each animal. The County also agrees to pay any reasonable out-of-pocket expenses associated with animal cruelty cases.

As part of the contract, the County provided \$4,500,000 in funds and property towards the construction of a new shelter. Upon early termination of the agreement by the Society, the Society shall repay the County a pro-rata portion of the \$4,500,000.

This contract was amended on July 1, 2009. The amended, non-cancellable portion of the agreement calls for the County to pay a base monthly fee of \$51,772, as well as \$7.48 for the receiving and immunization of each animal placed in the custody of the Society, and \$7.48 boarding fee per animal per day. The County will also pay a euthanasia fee of \$7.48 to the Society for each animal euthanized.

In addition, the County agrees to pay a cremation fee of \$7.48 for each dead animal brought to the shelter by a law enforcement officer, animal control officer of the County or municipality within the County. The Society will bill the County separately for stray animals that it receives from citizens of the County.

The non-cancelable portion of the agreement states the County shall continue to pay the Society the current monthly fee for a five-year period plus any annual increases in the CPI during such five-year period if the County terminates the contract. The agreement was amended February 1, 2011. The following language was added: The Society may contract for accounting services in order to maintain an accurate record of fees and costs associated with the intake of animals delivered to Society. The Society will submit monthly invoices to the County for reimbursement. These monthly invoices shall include an itemized bill for said accounting services.

The Society will be entirely responsible for any and all costs that exceed Fifteen Hundred (\$1,500.00) Dollars per month. The County may, at any time, request from Society a full audit of the accounting services and duties performed by accountant and Society will comply within a reasonable time with any and all such requests.

A new agreement with the Charleston Animal Society was effective July 1, 2014. The amount the County shall pay to the Society will be approved annually in the County budget and subject to modification at mid-year budget review. The Society will receive the amount approved in the County budget, set by County Council, in monthly installments. The County paid the Charleston Animal Society \$1,271,264 for the fiscal year ended June 30, 2016. This amount will be increased by six percent to \$1,350,000 for the fiscal year ended June 30, 2017.

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The Charleston County Parks and Recreation Commission has entered into an agreement with the City of Folly Beach to restrict \$77,850 each year to provide for the re-nourishment of the erosion that occurs along Folly Beach. Capital Projects fund balance of \$161,677 has been committed for beach re-nourishment as of June 30, 2016. The annual contribution for the year ended June 30, 2016 was made directly to the City of Folly Beach.

As of June 30, 1997, the Charleston County Parks and Recreation Commission had provided approximately \$2,065,171 to the City of Charleston for the construction of the Charleston Maritime Center which was to be leased to and operated by the Commission. On August 4, 1997, the City of Charleston and Charleston County Parks and Recreation Commission entered into an agreement that terminated the Master Lease of the Charleston Maritime Center dated August 1, 1995, between the two parties. This agreement grants the Commission the right of first refusal for the purchase of the Maritime Center for a period of 50 years from the date of execution of the agreement. In the event that the Commission does elect to purchase the Maritime Center, then the City of Charleston will credit \$1,500,000 toward the purchase price. If the Commission elects not to purchase the Maritime Center, then the City of Charleston will pay the Commission \$1,500,000 from the proceeds of the sale.

In July 1995, the Commission entered into a lease agreement with Charleston County whereby the Commission assumed the responsibilities of operating and maintaining 19 boat landings throughout Charleston County. The lease is for a term of 99 years and commenced on July 1, 1995. The Commission pays a nominal fee of \$1 per year under the lease terms, but the agreement expressed the intent of Charleston County to transfer millage each year to help fund related expenses. Funding is contingent upon future County Council approval.

On June 29, 1988, Kiawah Island was sold to Kiawah Resort Associates. The Charleston County Parks and Recreation Commission has been in contact with the owners in order to obtain a new lease agreement for Beach Walker Park. A verbal agreement has been made to ensure that the Park can continue to operate. To date, however, no formal agreement has been signed.

During 1988, the Charleston County Parks and Recreation Commission was advised by the South Carolina Highway Department that the proposed Mark Clark Expressway will go through the northern portion of James Island County Park. The Commission is awaiting determination from the South Carolina Department of Transportation and Charleston County on the future location of the Mark Clark corridor.

On August 22, 2005, the Charleston County Parks and Recreation Commission entered into an agreement with K.L.B. Group DBA Locklear's Beach City Grill to allow this corporation to operate the restaurant at the Folly Pier. The building held for rent had an estimated cost of \$1,253,494 and an estimated net book value of \$667,014 at June 30, 2016, and is included in the governmental activities capital assets. Rent started at \$7,400 per month and increases each November based on the current CPI. The new rental per month based on the CPI increased to \$9,043 per month on November 1, 2015. The lease also provided for contingent rentals of 7.25 percent of annual sales greater than \$1,200,000.

The original lease term was for five years beginning October 1, 2005. On August 16, 2007, the Commission and K.L.B. Group agreed to suspend the contract for convenience during the time period October 1, 2007 through March 1, 2008, so that the Commission could progress with repairs to the Folly Beach Fishing Pier building. In return, the lessee received an extension of the lease for the period of time the building was closed for repairs.

On August 25, 2009, the Commission entered into an agreement with K.L.B. Group to allow the corporation to exercise the option of extending the lease for an additional five years, with the option terminating on October 31, 2015. This lease was extended for one additional year at the November 17, 2014 Commissioners meeting.

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On August 15, 2016, the Charleston County Parks and Recreation Commission approved entering into a lease with 1 Center Street LLC DBA the Tides Hotel for the Folly Beach Edwin S. Taylor Fishing Pier Restaurant for the base five-year period with one five-year optional renewal.

The following is a schedule by year of the minimum future rentals on the non-cancelable operating lease as of June 30, 2016:

<u>Year Ending June 30</u>	<u>Total</u>
2017	\$ 36,172
Total minimum future rentals	\$ 36,172

Total rental income of \$133,319 was recorded during the current year.

During October 2010, the Charleston County Parks and Recreation Commission entered into a lease for an area commonly known as Laurel Hill Plantation for an initial period of 25 years with a provision that the lease will be automatically extended for three separate successive terms of 25 years each provided that the Commission is not in default. The Commission is required to pay base rental fees, operating expenses and additional rental fees. The base rental fee was \$1,330,000 for the first five years of the rental term for a total of \$6,650,000 with no further base rent being required for the remainder of the lease, including extension periods. Additional rental fees are defined as other items for which the Commission may become liable during the lease, including, but not limited to, premiums for insurance. Operating expenses are defined as nominal costs including, but not limited to, ad valorem taxes and premiums for insurance. The lease also contains an option to purchase contingent upon the Lessor obtaining the right to convey a fee simple interest in the property as well as the acceptance of an appraisal of fair market value. The base rental fee is being amortized on a straight-line basis over the initial lease term of 25 years in the government-wide financial statements, and at June 30, 2016, the unamortized prepaid rent was \$5,120,500.

In December 2000, the U.S. Secretary of the Interior conveyed property consisting of approximately 25 acres in fee and 0.6 acres of easements to the Charleston County Parks and Recreation Commission in a Quitclaim Deed. The property conveyed includes areas presently known as the Cooper River Marina, previously known as the Old Navy Base Marina facilities. The conveyance has several restrictions including the following: the property must be used and maintained for the public park and recreation purposes for which it was conveyed in perpetuity, the property shall not be sold, leased, assigned or otherwise disposed of except to another eligible governmental agency that the Secretary of the Interior agrees in writing can assure the same continued use of the property, and funds generated on the property may not be used for non-recreational purposes and, furthermore, must be used for the development, operation and maintenance of the property until it is fully developed in accordance with the Program of Utilization. There are also various reporting requirements.

The Charleston County Parks and Recreation Commission is in the process of upgrading its point of sale and financial software. The contract for the point of sale software included \$126,000 in implementation fees as well as annual fees of \$90,000 for years 2 through 5, approximately \$93,000 for year 6 and approximately \$95,000 for year 7. The contract contains an additional 3 year option with annual fees of approximately \$98,000, \$101,000 and \$104,000 in years 8 through 10. The Commission has paid approximately \$63,000 in implementation fees as of June 30, 2016 leaving approximately \$63,000 in remaining implementation fees. The contract for the financial software includes one-time implementation fees of approximately \$333,000 with recurring fees of approximately \$7,000. As of June 30, 2016, the Commission has paid approximately \$200,000 in implementation fees leaving remaining commitments of approximately \$133,000 in contract commitments. In addition, the Commission entered into a contract with an implementation consultant for \$90,000 and has paid approximately \$25,000 as of June 30, 2016 leaving remaining commitments of approximately \$65,000.

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The Cooper River Park and Playground Commission contracted on July 1, 1996, with the City of North Charleston (City) to provide recreational services for the fiscal year to the citizens within the Commission's jurisdictional boundaries. Since the original contract date, the Commission and the City have renewed this contract annually with an effective date of July 1 of each fiscal year. Under the terms of this contract, the City agrees to pay all reasonable administrative and professional costs incurred by the Commission, and the Commission agrees to transfer and pay over to the City all appropriated funds, from whatever source, in the accounts of the Commission except for the remaining unassigned fund balance carried forward from June 30, 2009. The City also assumed control and possession (but not legal title) of fixed property and equipment. Due to the declining tax base and the fractured property lines of the Commission, it would be difficult or impractical to provide services to its citizens without this contract with the City. On June 23, 2016, the Commission entered another one year contract with the City covering the period from July 1, 2016 to June 30, 2017, with essentially identical terms as previous contracts.

Certain real estate and facilities acquired by the Cooper River Park and Playground Commission are located within the corporate limits of the City of North Charleston. Those facilities were originally leased to the City for a 25-year lease term commencing May 23, 1980, at a \$1 annual rental fee. This lease was renegotiated and signed May 23, 2006, for a 50-year term at a \$1 annual rental fee. Additional facilities were leased in February and May of 1990 for a 100-year term also at an annual rental fee of \$1.

Under the annual contract with the City of North Charleston, the Cooper River Park and Playground Commission has agreed to assign to the City all of its assets, real and personal, thereby allowing the City exclusive use, possession, control and management of these assets. As of June 30, 2016, the leased assets have a book value of \$69,804.

Most of the land on which the Cooper River Park and Playground operates playground facilities is provided by the Charleston County School District at no cost. These facilities originally operated in accordance with a 20-year lease agreement dated December 25, 1981. This lease continues on a month-to-month basis until such time as the lease is terminated or renegotiated.

The North Charleston District entered into an agreement on April 1, 1996, with the City of North Charleston for the City to provide fire, sanitation, and street lighting services to the constituents of the District. The contract requires the payment of substantially all of the District's revenues to the City and turning over control and possession, but not legal title to, all of the District's fixed property and equipment. On an annual basis since June 30, 1997, the District has entered into additional one year contracts with the City with essentially the same terms as described above. To fulfill the contract at June 30, 2016, the District owes the City \$15,641. This contract was extended for one year until June 30, 2017. Due to the declining tax base and the fractured lines of the District, it would be difficult or impractical to provide services to its citizens without this contract. The District anticipates total annexation by the City in the foreseeable future.

In anticipation of the general obligation bond proceeds received in July 2016, to be used in part to replace one of its fire stations, the St. John's Fire District entered into several contracts for design, architecture, and related construction management during the year ended June 30, 2016. Contracts totaling \$386,517 had been signed by June 30, 2016 related to this construction project, which will be built mostly in the next fiscal year. Of this amount, approximately \$143,800 was spent during the 2015-16 year, which is reflected as prepaid expenses as of June 30, 2016.

E. Deferred Compensation Plan

The County and its component units offer their employees several deferred compensation plans under programs administered by PEBA. The multiple employer plans were created in accordance with Internal Revenue Code Sections 457 and 401(K). The plans available to all full-time County and component unit employees, at their option, permit participants to defer a portion of their salary until future years. Only upon termination, retirement, disability, death, or an approved hardship is the deferred compensation available to an employee.

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During the year ended June 30, 2000, the deferred compensation plans were amended to allow for employer matching contributions of up to \$300 per year for each covered participant. Effective December 23, 2008, the County suspended this match of \$75 per quarter. The total contributions made by the County's plan members were \$2,354,899 for the fiscal year ending June 30, 2016.

Total contributions made by the Charleston County Library's plan members were \$160,030 for the fiscal year ending June 30, 2016.

F. Other Post-Employment Benefits

Plan Description

The County provides post-employment health, life and dental care benefits, as per the requirement of a local ordinance, for certain retirees and their dependents. This plan is a single employer defined benefit plan. Prior to 2008, substantially all employees who retire under the State retirement plans are eligible to continue their coverage with the County paying 50 percent of health insurance premiums and the retiree paying 100 percent of life and dental insurance premiums and the remaining 50 percent of the health insurance premiums. The County's regular insurance providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. Effective July 1, 2008, the County modified its post-employment benefits policy as follows:

- A) Increase years of service with the County:
 - 1. Twenty five years of service with the County for the fifty percent of health premium benefit
 - 2. Fifteen years of service with the County for the twenty five percent of health premium benefit
- B) Reduce surviving spouse benefit to one year for future retirees who start work with the County January 1, 2009 and later.

During the fiscal year ended June 30, 2006, the St. Paul's Fire District established a policy that allowed retiree insurance benefits. The plan was amended in 2009 to cease coverage at the earlier of the date of death or the date the participant becomes eligible for Medicare coverage. The plan was further curtailed at the end of the 2010 fiscal year, continuing coverage for those individuals who had retired prior to June 30, 2010, but providing no coverage to any employee retiring after that date.

The Charleston County Parks and Recreation Commission provide retiree benefits.

The Commission changed the eligibility criteria during the year ended June 30, 2016. The eligibility criteria as of June 30, 2016 are as follows.

Employees who retire from the Commission prior to July 1, 2016:

- A) Any covered employee who retires with at least 20 years, but less than 25 years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50 percent of the retiree cost and 50 percent of the dependent cost for health and dental coverage.
- B) Any covered employee who retires with 25 years or more years of Commission-covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular, position. The Commission will pay 100 percent of the retiree cost and 65 percent of the dependent cost for health and dental coverage.

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- C) The health and dental insurance premium for surviving spouses and dependents of deceased retirees will be waived for one year after the retiree's death. Following one year, the surviving spouse and/or dependents are eligible to continue coverage at the same proportional cost (50 percent or 65 percent) as in effect prior to the retiree's death. Survivors may remain on the plan until death or remarriage, whichever comes first.

Employees who retire from the Commission between July 1, 2016 and July 1, 2030:

- A) Any covered employee who retires with at least 20 years, but less than 25 years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50% of the retiree cost and 50% of the dependent cost for health and dental coverage.
- B) Any covered employee who retires with 25 or more years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 100% of the retiree cost and 65% of the dependent cost for health and dental coverage.
- C) The health and dental insurance premiums for surviving spouses and dependents of deceased retirees will be waived for one year after the retiree's death. Following one year, the surviving spouse and/or dependents are eligible to continue coverage at the same proportional cost (50% or 65%) as in effect prior to the retiree's death. Survivors may remain on the plan until death or remarriage, whichever comes first.
- D) Retirees and their dependents may remain on retiree coverage until the retiree reaches Medicare eligible age. Upon reaching Medicare eligibility, retirees and/or their dependents will be required to enroll in Medicare Part A and B and will be eligible for a reimbursement of premium costs of a Medicare Supplemental Plan. Retirees with 25 or more years of Commission service credit under the South Carolina Retirement Systems will be eligible to receive up to \$250 per month and up to \$162.50 for a spouse. Retirees with at least 20 Commission full time years, but less than 25 full time years of Commission service will be eligible to receive up to \$125 per month and up to \$125 for a spouse. The reimbursement amount will be reviewed annually during the budget process. The Executive Director or designee will develop reimbursement procedures. Retirees will be notified of reimbursement procedures in the *Retiree Medicare Supplemental Plan Premium Reimbursement Agreement*, which each retiree will be required to accept before reimbursements will be issued.
- E) If the retiree reaches Medicare eligibility prior to their covered spouse, the covered spouses may remain on the Commission's group coverage until they reach Medicare eligible age and the Commission will continue to contribute toward their premium at the same percentage to which they are eligible based on the retiree's years of service with the Commission.
- F) Retirees and their dependents may remain on the Agency's dental and vision plans. The Commission will continue dental and vision premium contributions for both the retiree and their dependents based on the retiree's years of service.

Employees who retire from the Commission after July 1, 2030:

- A) Any covered employee who meets the following requirements: is at least 55 years old, who is not currently eligible for Medicare coverage, who retires with at least 20 Commission full time years, but less than 25 full time years of Commission service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of

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retirement, and provided he/she is eligible for retirement at the time he/she leaves active Commission service and retires at the time of separation with the Commission. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50% of the retiree cost only. Retiree's dependents may remain on the insurance plan but retirees will be responsible for the full cost of the dependent's premiums.

- B) Any covered employee who meets the following requirements: is at least 55 years old, who is not currently eligible for Medicare coverage, who retires with at least 25 or more years of Commission service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, and provided he/she is eligible for retirement at the time he/she leaves active Commission service and retires at the time of separation with the Commission. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 75% of the retiree cost only. Retiree's dependents may remain on the insurance plan but retirees will be responsible for the full cost of the dependent's premiums.

For employees that are hired by the Commission after July 1, 2016:

The Commission will not provide group health, vision and dental insurance for retirees who have retired on service, age or an approved disability retirement through the South Carolina Retirement Systems if the employees full-time start date with the Commission is on or after July 1, 2016.

No coverage is available to an employee not eligible for employer paid coverage.

Covered participants are required to apply for Medicare when eligible, and retiree coverage will be secondary to Medicare or any other group coverage that employees or their dependents have.

Employees may opt out of the plan. The Commission is not required to contribute at an actuarially determined rate, but has elected to contribute based on an advanced funding basis based on the actuarial determined amount.

Membership of the plan is as follows:

Retirees, survivors and beneficiaries receiving benefits	11
Active Employees	175
Total	<u>186</u>

Funding Policy

As of year-end, there were 438 employees who had retired from the County and are receiving health insurance premium coverage benefits. The County currently finances the plan on a pay-as-you-go basis.

For the year ended June 30, 2016, the County recognized expenses of \$2,032,941 for retiree healthcare, which were net of retiree contributions of \$2,021,032. The St. Paul's Fire District had 3 employees who had retired and receiving benefits under their plan. The District recognized expenses of \$9,843 for health care premiums for the current year. The Charleston County Parks and Recreation Commission had 11 employees who are retired and receiving benefits.

The County's annual cost (expense) for other post-employment benefits is calculated based on the annual required contribution (ARC) of the employer, which is actuarially determined based upon the requirements and parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year plus the amount necessary to amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years. The current ARC is based on a level percent of payroll increasing at 3 percent.

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For the year ended June 30, 2016, the County's annual OPEB cost was \$5,429,683 for the post-employment healthcare plan. The County's annual OPEB cost for the current year is as follows:

Annual required Contribution	\$ 5,333,134
Interest on OPEB obligation	1,313,406
Adjustment of ARC	<u>(1,216,857)</u>
Annual OPEB cost (expense) end of year	5,429,683
Net estimated employer contributions	<u>(2,394,872)</u>
Increase in net OPEB obligation	\$ 3,034,811
Net OPEB obligation/ (asset) beginning of year	<u>29,186,803</u>
Net OPEB obligation/ (asset) end of year	<u><u>\$ 32,221,614</u></u>

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the County's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Investment rate of return	4.5% net of expenses
Actuarial cost method	Projected Unit credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	Open 30-year period
Salary Growth	3.00% per annum
Inflation	3.00% per annum
Medical Trend	Initial rate of 6.00% declining to an ultimate rate of 4.50% after 9 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending June 30, 2016, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
June 30, 2014	\$5,901,850	\$2,478,226	42.0%	\$25,203,859
June 30, 2015	\$6,088,069	\$2,105,125	34.6%	\$29,186,803
June 30, 2016	\$5,429,683	\$2,394,872	44.1%	\$32,221,614

Schedule of Funding Progress and Status

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c))
7/1/2007	\$ -	\$52,972,306	\$52,972,306	0%	\$93,550,000	56.62%
7/1/2007	\$ -	\$52,972,306	\$52,972,306	0%	\$97,800,000	54.16%
7/1/2009	\$ -	\$47,374,110	\$47,374,110	0%	\$96,600,000	49.04%
7/1/2010	\$ -	\$47,374,110	\$47,374,110	0%	\$99,400,000	47.66%
7/1/2011	\$ -	\$54,526,503	\$54,526,503	0%	\$98,300,000	55.47%
7/1/2013	\$ -	\$63,154,853	\$63,154,853	0%	\$105,200,000	60.04%
7/1/2014	\$ -	\$58,570,371	\$58,570,371	0%	\$110,888,000	52.82%
7/1/2014	\$ -	\$58,570,371	\$58,570,371	0%	\$113,716,000	51.51%

G. Funds Held by Coastal Community Foundation

As of June 30, 2016, the Coastal Community Foundation held \$464,827 in the Charleston County Library Fund. The fund was established in November 1983 as a capital fund for the purpose of providing support for unusual or innovative programs and services at the Library not normally funded by government appropriations. Of the balance, \$8,179 is available for grants to the Library.

As of June 30, 2016, the Coastal Community Foundation was holding \$96,235 in the Roper Foundation Community Wellness Endowment for the Charleston County Library. The endowment was established for the purpose of updating the health education information collection from earnings on the funds. At year-end, \$3,635 is available for grants to the Library.

These amounts are not reflected in the Library's financial statements until grants are received by the Library from the Foundation. During the year, no amounts were awarded as grants to the library.

H. Employee Retirement Systems and Plans

South Carolina Retirement and Police Officers' Retirement Systems

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain

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PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with Generally Accepted Accounting Principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.
- The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

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Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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As noted above, both employees and the County are required to contribute to the plans at rates established and as amended by the PEBA. The County's contributions are actuarially determined, but are communicated to and paid by the County as a percentage of the employees' annual eligible compensation as follows for the past three years:

	SCRS Rates			PORS Rates		
	2014	2015	2016	2014	2015	2016
Employer Rate:						
Retirement	10.45%	10.75%	10.91%	12.44%	13.01%	13.34%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.60%</u>	<u>10.90%</u>	<u>11.06%</u>	<u>12.84%</u>	<u>13.41%</u>	<u>13.74%</u>
Employee Rate	<u>7.50%</u>	<u>8.00%</u>	<u>8.16%</u>	<u>7.84%</u>	<u>8.41%</u>	<u>8.74%</u>

The required contributions and percentages of amounts contributed by the County to the plans for the past three years were as follows:

Year Ended June 30	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2016	\$ 8,557,082	100%	\$ 4,823,080	100%
2015	8,122,490	100%	4,656,574	100%
2014	7,450,960	100%	4,263,734	100%

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Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The June 30, 2015, total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2014, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry age Normal	Entry age Normal
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service) ¹	4.0% to 10.0% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

¹ Includes inflation at 2.75%

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014, valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

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Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. The County and component units' proportional share of the NPL amounts for SCRS and PORS are presented below:

	<u>System</u>	<u>Measurement Period Ended June 30</u>	<u>Fiscal Year Ended June 30</u>	<u>Proportional Share of Net Pension Liability</u>
Primary Government	SCRS	2015	2016	\$ 150,764,583
	PORS	2015	2016	\$ 61,168,438
Component Units				
	CCL SCRS	2015	2016	\$ 15,393,713
	CCPRC SCRS	2015	2016	\$ 20,156,134
	SAPPPC SCRS	2015	2016	\$ 2,869,098
	SJFD SCRS	2015	2016	\$ 840,929
	PORS	2015	2016	\$ 10,006,504
	SPFD SCRS	2015	2016	\$ 341,566
	PORS	2015	2016	\$ 4,639,975

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

The County's proportionate share of the net pension liability for both SCRS and PORS is as follows for the years ended June 30, 2016 and 2015:

	<u>System</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>
Primary Government	SCRS	0.794942%	0.772846%	0.022096%
	PORS	2.806540%	2.771330%	0.035210%
Component Units				
	CCL SCRS	0.081167%	0.078876%	0.002910%
	CCPRC SCRS	0.106280%	0.102710%	0.003570%
	SAPPPC SCRS	0.015128%	0.012798%	0.002482%
	SJFD SCRS	0.004434%	0.004910%	(0.000476%)
	PORS	0.495912%	0.452350%	0.043562%
	SPFD SCRS	0.001801%	0.001163%	0.000638%
	PORS	0.212890%	0.208860%	0.004030%

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The County's change in proportionate share of the net pension liability and related deferred inflows and outflows of resources will be amortized into pension expense over the respective average remaining service lives of each system.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014, actuarial valuations, was based upon the 30 year capital market outlook at the end of the third quarter 2013, as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant, Aon Hewitt. The long-term expected rates of returns represent assumptions using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted by the Investment Commission for the fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	1.9%	0.04%
Short Duration	3.0%	2.0%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.7%	0.19%
Mixed Credit	6.0%	3.8%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.8%	0.08%
Emerging Markets Debt	6.0%	5.1%	0.31%
Global Public Equity	31.0%	7.1%	2.20%
Global Tactical Asset Allocation	10.0%	4.9%	0.49%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.3%	0.34%
Private Debt	7.0%	9.9%	0.69%
Private Equity	9.0%	9.9%	0.89%
Real Estate (Broad Market)	5.0%	6.0%	0.30%
Commodities	3.0%	5.9%	0.18%
 Total Expected Real Return	 <u>100.0%</u>		 <u>6.00%</u>
Inflation for Actuarial Purposes			<u>2.75%</u>
Total Expected Nominal Return			<u>8.75%</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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Sensitivity Analysis

The following table presents the County and its component units proportional share of net pension liability of the participating employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

Primary Government

Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 190,071,059	\$ 150,764,583	\$ 117,820,759
PORS	\$ 83,325,779	\$ 61,168,438	\$ 41,361,095

Component Units

Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate

	System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
CCL	SCRS	\$ 19,407,073	\$ 15,393,713	\$ 11,591,705
CCPRC	SCRS	\$ 25,411,127	\$ 20,156,135	\$ 15,751,784
SAPPPC	SCRS	\$ 3,617,113	\$ 2,869,098	\$ 2,242,167
SJFD	SCRS	\$ 1,060,172	\$ 840,929	\$ 657,177
	PORS	\$ 13,631,105	\$ 10,006,504	\$ 6,766,182
SPFD	SCRS	\$ 430,620	\$ 341,566	\$ 266,932
	PORS	\$ 6,320,668	\$ 4,639,975	\$ 3,137,441

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2015 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2015.

COUNTY OF CHARLESTON, SOUTH CAROLINA
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Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2016, the County recognized pension expense of \$12,742,355. At June 30, 2016, the County reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,359,612	\$ -
Difference in actual and proportionate share of employer contribution	-	12,706
Differences in actual and expected experience	3,890,938	269,615
Net differences between projected and actual earnings on plan investments	14,994,961	13,303,828
Change in proportionate share of net pension liability	3,623,560	-
	<u>\$ 35,869,071</u>	<u>\$ 13,586,149</u>

The County reported \$13,359,612 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the County and its component units' proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2016. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2016 was 4.164 years for SCRS and 4.796 years for PORS.

Primary Government

Measurement Period Ending June 30,	Fiscal Year Ending June 30,	SCRS	PORS
2015	2016	\$ (963,827)	\$ (151,215)
2016	2017	(963,827)	(151,215)
2017	2018	(963,827)	(151,215)
2018	2019	(158,068)	(120,367)
Net Balance of Deferred Outflows / (Inflows) of Resources		<u>\$ (3,049,549)</u>	<u>\$ (574,012)</u>



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COUNTY OF CHARLESTON, SOUTH CAROLINA
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The following schedule reflects the amortization of the County's component units' proportionate share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2016:

Component Units

	Measurement Period	Fiscal Year Ending		
	Ending June 30, 2015	June 30, 2015	SCRS	PORS
CCL	2015	2016	\$ 165,840	N/A
	2016	2017	165,840	N/A
	2017	2018	71,899	N/A
	2018	2019	261,621	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			<u>\$ 665,200</u>	
CCPRC	2015	2016	\$ 242,084	N/A
	2016	2017	242,084	N/A
	2017	2018	119,080	N/A
	2018	2019	346,651	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			<u>\$ 949,899</u>	
SAPPPC	2015	2016	\$ 113,996	N/A
	2016	2017	113,996	N/A
	2017	2018	96,487	N/A
	2018	2019	62,388	N/A
Net Balance of Deferred Outflows/(Inflows) of Resources			<u>\$ 386,867</u>	
SJFD	2015	2016	\$ (17,186)	\$ 60,221
	2016	2017	(17,186)	60,221
	2017	2018	(22,318)	51,461
	2018	2019	9,987	246,613
Net Balance of Deferred Outflows/(Inflows) of Resources			<u>\$ (46,703)</u>	<u>\$ 418,516</u>
SPFD	2015	2016	\$ (2,465)	\$ (87,993)
	2016	2017	(2,465)	(87,993)
	2017	2018	(2,465)	(87,993)
	2018	2019	(3,810)	(91,979)
Net Balance of Deferred Outflows/(Inflows) of Resources			<u>\$ (11,205)</u>	<u>\$ (355,958)</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
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I. Related Party

During the year there were several transactions between Charleston County Library and Charleston County. These transactions were as follows:

Amounts given to CCL:	Amount
Appropriation (including supplemental appropriation)	\$ 15,091,224
Reimbursement for flood damage	35,406
	<u>\$ 15,126,630</u>

Amounts paid to the County by CCL:	
Janitorial services	\$ 106,141
Carpet cleaning	26,832
Workers' compensation	325,437
OPEB compensation	315,101
Insurance coverage-building & contents, liability, fidelity bond, theft	98,208
Motor vehicle repairs	20,432
Motor vehicle fuel charges	12,453
Other general services	156,127
Solid Waste User Fee	12,814
Health, life and dental insurance (library employees covered through County plan)	951,077
Other minor charges	1,037
	<u>\$ 2,025,659</u>

Other transactions:

- Rent-free use of County-owned
- Library buildings and County-owned vehicles*

*Not Determined

J. Pending Implementation of GASB Statements

The GASB has issued the following statements:

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68 and Amendments to Certain Provision of GASB Statement 67 and 68*. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The County will implement the new guidance with the 2017 financial statements.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about post-employment benefits other than pensions (other post-employment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The County will implement the new guidance with the 2017 financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The County will implement the new guidance with the 2018 financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements, and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The County will implement the new guidance with the 2017 financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016 and should be applied retroactively. The County will implement the new guidance with the 2018 financial statements.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, requires the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and the ratios that use that measure. This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The County will implement the new guidance with the 2017 financial statements.

Management has not yet determined the impact implementation of these standards will have on the County's financial statements, if any.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

K. Restatements

During the year, the management of the Charleston County Library determined that the values of library materials had been understated by the omission of processing fees incurred as a part of the cost of readying the library materials for inclusion in the collection available for circulation, and restated beginning net position as follows:

Net Position, as previously reported at June 30, 2015	\$ (10,230,864)
Increase in the Cost of library materials	1,353,804
Related accumulated depreciation	<u>(799,795)</u>
Net Position, as restated at July 1, 2015	<u>\$ (9,676,855)</u>

Beginning Net Position for St. Paul's Fire District was adjusted in the amount of \$47,551 to reflect a prior period retirement payable not accrued.

Net Position, as previously reported at June 30, 2015	\$ (531,587)
Prior period adjustment related to retirement payable	<u>(47,551)</u>
Net Position, as restated at July 1, 2015	<u>\$ (579,138)</u>

L. Subsequent Event

"Pursuant to a recent settlement dated October 20, 2017, the County has agreed to acquire the former Charleston Naval Hospital (the "Naval Hospital") in North Charleston for \$33 million. Following the receipt of a recommendation from County staff, the County Council will make a determination as to the funding sources to use for the acquisition of the Naval Hospital."

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**CHARLESTON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY FINANCIAL
INFORMATION**



COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFITS – DEFINED BENEFIT HEALTH CARE PLAN
FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Primary Government						
7/1/2007	\$ -	\$52,972,306	\$52,972,306	0%	\$93,550,000	56.62%
7/1/2007	\$ -	\$52,972,306	\$52,972,306	0%	\$97,800,000	54.16%
7/1/2009	\$ -	\$47,374,110	\$47,374,110	0%	\$96,600,000	49.04%
7/1/2010	\$ -	\$47,374,110	\$47,374,110	0%	\$99,400,000	47.66%
7/1/2011	\$ -	\$54,526,503	\$54,526,503	0%	\$98,300,000	55.47%
7/1/2013	\$ -	\$63,154,853	\$63,154,853	0%	\$105,200,000	60.04%
7/1/2014	\$ -	\$58,570,371	\$58,570,371	0%	\$110,888,000	52.82%
7/1/2014	\$ -	\$58,570,371	\$58,570,371	0%	\$113,716,000	51.51%
Component Units						
<u>7/1/2007</u>						
CCPRC	\$ -	\$3,089,213	\$3,089,213	0%	\$6,457,330	47.84%
SPFD	\$ -	\$3,111,459	\$3,111,459	0%	\$2,022,100	153.87%
<u>7/1/2008</u>						
CCPRC	\$ -	\$3,089,213	\$3,089,213	0%	\$7,155,052	43.18%
SPFD	\$ -	\$1,138,768	\$1,138,768	0%	\$2,299,864	49.51%
<u>7/1/2009</u>						
CCPRC	\$ -	\$3,089,213	\$3,089,213	0%	\$7,780,156	39.71%
SPFD	\$ -	\$120,334	\$120,334	0%	\$0	0%
<u>7/1/2010</u>						
CCPRC	\$ -	\$3,058,193	\$3,058,193	0%	\$8,003,946	38.21%
SPFD	\$ -	\$130,811	\$130,811	0%	\$0	0%
<u>7/1/2011</u>						
CCPRC	\$ -	\$4,321,784	\$4,321,784	0%	\$7,780,156	55.55%
SPFD	\$ -	\$127,310	\$127,310	0%	\$0	0%
<u>7/1/2012</u>						
CCPRC	\$ -	\$4,137,514	\$4,137,514	0%	\$8,282,581	49.95%
SPFD	\$ -	\$79,257	\$79,257	0%	\$0	0%
<u>7/1/2013</u>						
CCPRC	\$ -	\$4,137,514	\$4,137,514	0%	\$8,282,581	49.95%
SPFD	\$ -	\$65,082	\$65,082	0%	\$0	0%
<u>7/1/2014</u>						
CCPRC	\$ 2,625,705	\$2,597,755	(\$27,950)	101%	\$9,314,460	-0.30%
SPFD	\$ -	\$49,132	\$49,132	0%	\$0	0%
<u>7/1/2015</u>						
CCPRC	\$ 2,625,705	\$2,597,755	(\$27,950)	101%	\$9,314,460	-0.30%
SPFD	\$ -	\$39,289	\$39,289	0%	\$0	0%

CONTINUED

**COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFITS – DEFINED BENEFIT HEALTH CARE PLAN
FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percent of ARC Contributed
Primary Government		
2008	\$5,874,245	28.30%
2009	\$5,947,354	31.49%
2010	\$4,402,193	39.74%
2011	\$4,534,259	36.96%
2012	\$5,906,635	33.60%
2013	\$6,083,834	35.56%
2014	\$5,829,801	42.51%
2015	\$6,004,695	35.06%
2016	\$5,333,134	44.91%
Component Units		
<u>2008</u>		
CCPRC	\$378,935	0%
SPFD	\$367,100	0%
<u>2009</u>		
CCPRC	\$378,935	0%
SPFD	\$242,038	0%
<u>2010</u>		
CCPRC	\$378,935	0%
SPFD	\$0	0%
<u>2011</u>		
CCPRC	\$363,911	0%
SPFD	\$0	0%
<u>2012</u>		
CCPRC	\$497,510	0%
SPFD	\$0	0%
<u>2013</u>		
CCPRC	\$493,875	0%
SPFD	\$0	0%
<u>2014</u>		
CCPRC	\$493,875	0%
SPFD	\$0	0%
<u>2015</u>		
CCPRC	\$64,602	101.81%
SPFD	\$0	0%
<u>2016</u>		
CCPRC	\$259,738	25.73%
SPFD	\$0	0%

Note: The amounts shown as Actual Contribution include the implicit subsidy.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
LAST THREE FISCAL YEARS (UNAUDITED)

SCRS						
	Year Ended June 30,	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered Employee Payroll	Proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Primary Government	2016	0.794942%	\$ 150,764,583	\$ 74,518,254	202%	56.99%
	2015	0.772846%	\$ 133,058,460	\$ 70,292,078	189%	59.92%
	2014	0.772846%	\$ 138,621,003	\$ 66,980,874	207%	56.39%
Component Units						
CCL	2016	0.0812%	\$ 15,393,713	\$ 7,199,888	214%	57.00%
	2015	0.0789%	\$ 13,579,832	\$ 7,600,121	179%	59.92%
	2014	0.0789%	\$ 1,417,541	\$ 7,161,389	198%	56.39%
CCPRC	2016	0.10628%	\$ 20,156,135	\$ 9,910,088	203.39%	56.99%
	2015	0.10271%	\$ 17,682,740	\$ 9,324,443	189.64%	59.92%
	2014	0.10271%	\$ 18,421,972	\$ 8,915,053	206.64%	56.39%
SAPPPC	2016	0.015128%	\$ 2,869,068	\$ 1,524,061	188.25%	57.00%
	2015	0.012798%	\$ 2,203,391	\$ 1,414,338	155.79%	59.91%
	2014	NA	NA	NA	NA	NA
SJFD	2016	0.00443%	\$ 840,929	\$ 421,951	199.30%	56.99%
	2015	0.00491%	\$ 845,339	\$ 445,755	189.64%	59.92%
	2014	NA	NA	NA	NA	NA
SPFD	2016	0.001801%	\$ 341,566	\$ 193,528	176.49%	57.00%
	2015	0.001163%	\$ 200,230	\$ 168,894	118.55%	59.90%
	2014	NA	NA	NA	NA	NA
PORS						
Primary Government	2016	2.80654%	\$ 61,168,438	\$ 34,724,641	176%	64.57%
	2015	2.77133%	\$ 53,055,006	\$ 33,206,658	160%	67.55%
	2014	2.77133%	\$ 57,448,805	\$ 33,291,297	173%	62.97%
Component Units						
SJFD	2016	0.45912%	\$ 10,006,504	\$ 6,367,986	157.14%	64.57%
	2015	0.45235%	\$ 8,659,951	\$ 5,440,646	159.17%	67.55%
	2014	NA	NA	NA	NA	NA
SPFD	2016	0.21289%	\$ 4,639,975	\$ 2,769,404	167.54%	64.60%
	2015	0.20886%	\$ 3,998,531	\$ 2,640,155	151.45%	67.50%
	2014	NA	NA	NA	NA	NA

Note: The amounts presented for each fiscal year were determined as of June 30th of the preceeding year. Only three years of information are presented as only three years of data were available.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF REQUIRED CONTRIBUTIONS AND PERCENTAGES - PAST TEN YEARS
SOUTH CAROLINA RETIREMENT SYSTEM
FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)

Year Ended June 30	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Primary Government					
2016	\$ 8,557,082	\$ 8,557,082	\$ -	\$ 77,369,638	11.06%
2015	\$ 8,122,490	\$ 8,122,490	\$ -	\$ 74,518,254	10.90%
2014	\$ 7,450,960	\$ 7,450,960	\$ -	\$ 70,292,078	10.60%
2013	\$ 7,099,973	\$ 7,099,973	\$ -	\$ 66,980,874	10.60%
2012	\$ 6,215,075	\$ 6,215,075	\$ -	\$ 65,215,897	9.53%
2011	\$ 6,025,136	\$ 6,025,136	\$ -	\$ 64,159,794	9.39%
2010	\$ 6,038,511	\$ 6,038,511	\$ -	\$ 64,307,891	9.39%
2009	\$ 6,157,100	\$ 6,157,100	\$ -	\$ 65,570,820	9.39%
2008	\$ 5,721,280	\$ 5,721,280	\$ -	\$ 62,120,304	9.21%
2007	\$ 4,764,224	\$ 4,764,224	\$ -	\$ 58,100,293	8.20%
Component Units					
<u>2016</u>					
CCL	\$ 796,308	\$ 796,308	\$ -	\$ 7,199,888	11.06%
CCPRC	\$ 1,135,995	\$ 1,135,995	\$ -	\$ 10,271,200	11.06%
SAPPPC	\$ 166,275	\$ 166,275	\$ -	\$ 1,524,061	10.91%
SJFD	\$ 46,583	\$ 46,583	\$ -	\$ 421,182	11.06%
SPFD	\$ 21,114	\$ 21,114	\$ -	\$ 193,528	10.91%
<u>2015</u>					
CCL	\$ 828,413	\$ 828,413	\$ -	\$ 7,600,121	10.90%
CCPRC	\$ 1,080,200	\$ 1,080,200	\$ -	\$ 9,910,088	10.90%
SAPPPC	\$ 152,364	\$ 152,364	\$ -	\$ 1,414,338	10.77%
SJFD	\$ 45,321	\$ 45,321	\$ -	\$ 415,787	10.90%
SPFD	\$ 18,409	\$ 18,409	\$ -	\$ 168,894	10.90%
<u>2014</u>					
CCL	\$ 759,107	\$ 759,107	\$ -	\$ 7,161,389	10.60%
CCPRC	\$ 988,391	\$ 988,391	\$ -	\$ 9,324,443	10.60%
SAPPPC	\$ 123,077	\$ 123,077	\$ -	\$ 1,161,104	10.60%
SJFD	\$ 47,250	\$ 47,250	\$ -	\$ 445,755	10.60%
SPFD	\$ 11,195	\$ 11,195	\$ -	\$ 105,613	10.60%
<u>2013</u>					
CCL	\$ 729,721	\$ 729,721	\$ -	\$ 6,884,164	10.60%
CCPRC	\$ 944,996	\$ 944,996	\$ -	\$ 8,915,057	10.60%
SAPPPC	\$ 106,091	\$ 106,091	\$ -	\$ 1,000,858	10.60%
SJFD	\$ 42,139	\$ 42,139	\$ -	\$ 397,535	10.60%
SPFD	\$ 11,905	\$ 11,905	\$ -	\$ 112,311	10.60%
<u>2012</u>					
CCL	\$ 679,873	\$ 679,873	\$ -	\$ 7,130,293	9.53%
CCPRC	\$ 820,708	\$ 820,708	\$ -	\$ 8,611,836	9.53%
SAPPPC	\$ 108,404	\$ 108,404	\$ -	\$ 1,137,503	9.53%
SJFD	\$ 36,652	\$ 36,652	\$ -	\$ 384,596	9.53%
SPFD	\$ 9,968	\$ 9,968	\$ -	\$ 104,596	9.53%
<u>2011</u>					
CCL	\$ 653,680	\$ 653,680	\$ -	\$ 6,961,443	9.39%
CCPRC	\$ 810,537	\$ 810,537	\$ -	\$ 8,631,914	9.39%
SAPPPC	\$ 106,196	\$ 106,196	\$ -	\$ 1,130,948	9.39%
SJFD	\$ 36,538	\$ 36,538	\$ -	\$ 389,116	9.39%
SPFD	\$ 9,464	\$ 9,464	\$ -	\$ 100,841	9.39%
<u>2010</u>					
CCL	\$ 652,306	\$ 652,306	\$ -	\$ 6,946,820	9.39%
CCPRD	\$ 750,734	\$ 750,734	\$ -	\$ 7,995,037	9.39%
SAPPPC	\$ 109,493	\$ 109,493	\$ -	\$ 1,166,060	9.39%
SJFD	\$ 47,767	\$ 47,767	\$ -	\$ 508,701	9.39%
SPFD	\$ 9,998	\$ 9,998	\$ -	\$ 106,475	9.39%
<u>2009</u>					
CCL	\$ 681,277	\$ 681,277	\$ -	\$ 7,255,348	9.39%
CCPRC	\$ 691,007	\$ 691,007	\$ -	\$ 7,358,967	9.39%
SAPPPC	\$ 109,493	\$ 109,493	\$ -	\$ 1,166,060	9.39%
SJFD	\$ 44,726	\$ 44,726	\$ -	\$ 476,315	9.39%
SPFD	\$ 7,633	\$ 7,633	\$ -	\$ 81,289	9.39%
<u>2008</u>					
CCL	\$ 696,167	\$ 696,167	\$ -	\$ 7,588,819	9.17%
CCPRC	\$ 605,375	\$ 605,375	\$ -	\$ 6,573,018	9.21%
SAPPPC	\$ 110,901	\$ 110,901	\$ -	\$ 1,204,137	9.21%
SJFD	\$ 42,971	\$ 42,971	\$ -	\$ 466,569	9.21%
SPFD	\$ 5,261	\$ 5,261	\$ -	\$ 57,123	9.21%
<u>2007</u>					
CCL	\$ 552,420	\$ 552,420	\$ -	\$ 6,736,825	8.20%
CCPRC	\$ 497,760	\$ 497,760	\$ -	\$ 6,070,244	8.20%
SAPPPC	\$ 90,314	\$ 90,314	\$ -	\$ 1,101,390	8.20%
SJFD	\$ 33,575	\$ 33,575	\$ -	\$ 409,451	8.20%
SPFD	\$ 4,405	\$ 4,405	\$ -	\$ 53,720	8.20%

COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF REQUIRED CONTRIBUTIONS AND PERCENTAGES - PAST TEN YEARS
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM
FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)

Year Ended June 30	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Primary Government					
2016	\$ 4,823,080	\$4,823,080	\$ -	\$ 35,102,474	13.74%
2015	\$ 4,656,574	\$4,656,574	\$ -	\$ 34,724,641	13.41%
2014	\$ 4,263,735	\$4,263,735	\$ -	\$ 33,206,658	12.84%
2013	\$ 4,094,829	\$4,094,829	\$ -	\$ 33,291,297	12.30%
2012	\$ 3,798,218	\$3,798,218	\$ -	\$ 32,289,538	11.76%
2011	\$ 3,759,700	\$3,759,700	\$ -	\$ 32,607,975	11.53%
2010	\$ 3,303,451	\$3,303,451	\$ -	\$ 29,895,484	11.05%
2009	\$ 3,290,463	\$3,290,463	\$ -	\$ 29,777,946	11.05%
2008	\$ 3,157,167	\$3,157,167	\$ -	\$ 29,506,221	10.70%
2007	\$ 2,831,604	\$2,831,604	\$ -	\$ 26,463,589	10.70%
Component Units					
<u>2016</u>					
SJFD	\$ 874,961	\$874,961	\$ -	\$ 6,367,986	13.74%
SPFD	\$ 369,438	\$369,438	\$ -	\$ 2,769,404	13.34%
<u>2015</u>					
SJFD	\$ 762,965	\$762,965	\$ -	\$ 5,689,526	13.41%
SPFD	\$ 354,044	\$354,044	\$ -	\$ 2,640,155	13.41%
<u>2014</u>					
SJFD	\$ 698,579	\$698,579	\$ -	\$ 5,440,646	12.84%
SPFD	\$ 322,448	\$322,448	\$ -	\$ 2,511,277	12.84%
<u>2013</u>					
SJFD	\$ 619,842	\$619,842	\$ -	\$ 5,039,365	12.30%
SPFD	\$ 307,664	\$307,664	\$ -	\$ 2,501,333	12.30%
<u>2012</u>					
SJFD	\$ 559,355	\$559,355	\$ -	\$ 4,755,207	11.76%
SPFD	\$ 281,982	\$281,982	\$ -	\$ 2,397,195	11.76%
<u>2011</u>					
SJFD	\$ 525,406	\$525,406	\$ -	\$ 4,556,860	11.53%
SPFD	\$ 258,948	\$258,948	\$ -	\$ 2,245,863	11.53%
<u>2010</u>					
SJFD	\$ 492,090	\$492,090	\$ -	\$ 4,453,303	11.05%
SPFD	\$ 267,074	\$267,074	\$ -	\$ 2,416,959	11.05%
<u>2009</u>					
SJFD	\$ 479,814	\$479,814	\$ -	\$ 4,342,208	11.05%
SPFD	\$ 236,949	\$236,949	\$ -	\$ 2,144,335	11.05%
<u>2008</u>					
SJFD	\$ 407,113	\$407,113	\$ -	\$ 3,804,794	10.70%
SPFD	\$ 175,945	\$175,945	\$ -	\$ 1,644,346	10.70%
<u>2007</u>					
SJFD	\$ 385,573	\$385,573	\$ -	\$ 3,603,486	10.70%
SPFD	\$ 173,041	\$173,041	\$ -	\$ 1,617,206	10.70%

**CHARLESTON COUNTY, SOUTH CAROLINA
OTHER SUPPLEMENTARY FINANCIAL
INFORMATION**



**CHARLESTON COUNTY, SOUTH CAROLINA
COMBINING FINANCIAL STATEMENTS
AND
SCHEDULES**



CHARLESTON COUNTY COMBINING SCHEDULES - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Accommodations – This fund is used to account for the two percent local accommodation tax collected by the County and the two percent accommodation tax collected by the State on transient room rentals throughout the County. All expenditures must be tourist related with the exception of the first \$25,000 and five percent of the remainder of accommodations taxes remitted by the State. The budget is adopted on an annual basis.

Child Support Enforcement – This fund is used to account for federal monies received to enforce child support obligations at the local level. The budget is adopted on an annual basis.

Community Development – This fund is used to account for Community Development Block Grants received from the U.S. Department of Housing and Urban Development, various state community development grants and matching funds. The budget is adopted on a project-length basis.

Construction Public Works – This fund is used to account for the receipt of state gasoline tax “C” funds earmarked for local road maintenance. The budget is adopted on a project-length basis.

Disaster Fund – This fund is used to account for the costs and reimbursements from FEMA associated with the October 2015 flood.

Economic Development – This fund was established to account for local cooperative economic development activities in the tri-county area. Revenue is received from Multi-county Industrial Park fees assessed in lieu of property taxes on individual properties under regulations developed by the S. C. Department of Revenue. The budget is adopted on an annual basis.

Education – This fund is used to account for specific property taxes levied to fund maintenance of facilities owned by the Trident Technical College within the tri-county area used by residents of Charleston County. The budget is adopted on an annual basis.

Emergency Medical Services – This fund is used to account for proceeds of state grants and matching funds used to purchase equipment for use by emergency medical service personnel. The budget is adopted on a project-length basis.

Fire Districts – This fund was established to account for revenues generated by a property tax levy for the Awendaw Consolidated Fire District, East Cooper Fire District, Northern Charleston County Fire District, and West St. Andrew’s Fire District. In addition, this fund accounts for revenues received under a contract with the Towns of McClellanville and Awendaw for the Awendaw Consolidated Fire District to provide fire protection for the Town’s residents. These services are provided by County employees and through contracts with other entities. The budget is adopted on an annual basis.

Hazardous Materials Enforcement – This fund was established to pay for a county-wide hazardous materials training program and to acquire equipment needed to support the various fire departments within the county when they have to handle hazardous material situations. It is funded by a fee charged to the various businesses within the county that use hazardous materials. The budget is adopted on an annual basis.

Public Defender - This fund was established to account for the activities of the Ninth Circuit Public Defender. The Public Defender is mandated to defend in the State court system all persons within Charleston County who are required by Statute, State or Federal Constitution to be provided with a legal counsel at public expense. The budget is adopted on an annual basis.

Safety Enforcement – This fund is used to account for federal and state grants, contributions from individuals and corporations, and County matching funds to provide public safety enforcement and prevention activities. The budget is adopted on a project-length basis.

Sheriff – This fund was established to account for federal and state grants and asset forfeitures received in various drug interdiction activities used to fund law enforcement activities. The budget is adopted on an annual basis.

Solicitor – This fund was established to account for funds provided by the State, grants for reducing domestic violence, grants for prosecuting DUI cases and fees charged to first time defendants under the Pretrial Intervention Program, who upon completion may have their records expunged. State appropriations are to be used for providing assistance to victims and witnesses of violent crimes and to supplement County appropriations for Solicitor activities. The budget is adopted on an annual basis.

Storm Water Drainage – This fund was established to account for the storm water fee the County began charging November 1, 2006. This fee funds the County's storm water management program which is required under federal regulations. The program regulates run off from all properties and activities that have the potential to pollute local water systems. The fee provides funds for operations, maintenance and capital improvements. The budget is adopted on an annual basis.

Victim Notification – This fund was established to account for court assessments and conviction surcharges received pursuant to a change in state law which required counties to provide notification to victims of violent crime anytime there is a change in the status of the offender. The budget is adopted on an annual basis.

Charleston Development Corporation – This fund is used to account for the County's non-profit blended component unit. This entity was established in September 2004 to further human, social, and economic development in the County of Charleston. The Corporation exists solely for the benefit of the County. The budget is adopted on a project-length basis.

Nonmajor Capital Projects Funds

Capital Projects funds are used to account for the acquisition and construction of major capital outlays other than those financed by proprietary funds.

Construction - This fund was established in fiscal year 1986 by amendment to the budget ordinance to receive the proceeds of property sales and finance new construction with these funds. Per the County Budget Ordinance, all proceeds from the sale of real estate must be used for capital projects.

G.O.B. Capital Projects – This fund accounts for financial resources to be used to complete several construction projects funded by bond issues. These projects include radio communications equipment, station alerting system, consolidated dispatch building, and the law enforcement center.

Equipment Replacement Fund - This fund was established in fiscal year 2005 to finance replacement of fleet and technology equipment. Funding comes from the sale of the County's general capital assets (excluding real estate) and from the general fund.

ITS/Management Information Systems - This fund was established in fiscal year 1996 to control funds for multi-year data processing hardware and software acquisitions that have been approved by County Council. Funding comes from the general fund. This fund also was established to account for the replacement of computer hardware and software. Funding comes from various leases.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

<u>ASSETS</u>	<u>Special Revenue Funds</u>		
	<u>Accommo- dations</u>	<u>Child Support Enforcement</u>	<u>Community Development</u>
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ -
Pooled cash and cash equivalents	3,094,932	-	188,080
Restricted cash and cash equivalents	937,332	-	-
Receivables (net of allowances for uncollectibles)	3,468,863	148,320	454,842
Total assets	<u>\$ 7,501,127</u>	<u>\$ 148,320</u>	<u>\$ 642,922</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 664,990	\$ 42,647	\$ 233,817
Accrued payroll and fringe benefits	-	28,030	14,813
Due to other funds	-	75,950	-
Intergovernmental payable	6,045,296	271	13,533
Unearned revenue	-	-	3,086
Total liabilities	<u>6,710,286</u>	<u>146,898</u>	<u>265,249</u>
Deferred inflows of resources:			
Unavailable property tax revenues-current	-	-	-
Unavailable property tax revenues-delinquent	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	790,841	1,422	377,673
Committed	-	-	-
Total fund balances	<u>790,841</u>	<u>1,422</u>	<u>377,673</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,501,127</u>	<u>\$ 148,320</u>	<u>\$ 642,922</u>

See notes to financial statements.

Special Revenue Funds

Construction Public Works	Disaster Fund	Economic Development	Education	Emergency Medical Services	Fire Districts	Hazardous Materials Enforcement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,884,276	-	1,222,274	460,033	51,719	2,693,170	126,959
-	-	-	-	-	-	-
1,859,106	757,385	2,555,706	9,891,935	44	2,660,177	-
<u>\$ 19,743,382</u>	<u>\$ 757,385</u>	<u>\$ 3,777,980</u>	<u>\$ 10,351,968</u>	<u>\$ 51,763</u>	<u>\$ 5,353,347</u>	<u>\$ 126,959</u>
\$ 1,278,670	\$ 97,540	\$ 39,728	\$ -	\$ 23,045	\$ 19,356	\$ 950
-	-	39,055	37,626	-	84,573	11,316
-	659,845	-	-	-	-	-
-	-	632,835	317,106	3,714	21,111	-
-	-	217,283	-	23,629	-	-
1,278,670	757,385	928,901	354,732	50,388	125,040	12,266
-	-	-	9,679,456	-	2,421,696	-
-	-	-	152,392	-	70,821	-
-	-	-	9,831,848	-	2,492,517	-
18,464,712	-	2,849,079	165,388	1,375	2,735,790	114,693
-	-	-	-	-	-	-
18,464,712	-	2,849,079	165,388	1,375	2,735,790	114,693
<u>\$ 19,743,382</u>	<u>\$ 757,385</u>	<u>\$ 3,777,980</u>	<u>\$ 10,351,968</u>	<u>\$ 51,763</u>	<u>\$ 5,353,347</u>	<u>\$ 126,959</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

<u>ASSETS</u>	<u>Special Revenue Funds</u>		
	<u>Public Defender</u>	<u>Safety Enforcement</u>	<u>Sheriff</u>
Non-pooled cash and cash equivalents	\$ -	\$ 14,331	\$ 108,987
Pooled cash and cash equivalents	1,286,989	248,171	2,900,292
Restricted cash and cash equivalents	-	-	-
Receivables (net of allowances for uncollectibles)	137,254	626,895	32,100
Total assets	<u>\$ 1,424,243</u>	<u>\$ 889,397</u>	<u>\$ 3,041,379</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 58,957	\$ 96,721	\$ 23,879
Accrued payroll and fringe benefits	256,047	56,782	18,508
Due to other funds	-	-	-
Intergovernmental payable	285	1,510	-
Unearned revenue	-	260,609	-
Total liabilities	<u>315,289</u>	<u>415,622</u>	<u>42,387</u>
Deferred inflows of resources:			
Unavailable property tax revenues-current	-	-	-
Unavailable property tax revenues-delinquent	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	1,108,954	473,775	2,998,992
Committed	-	-	-
Total fund balances	<u>1,108,954</u>	<u>473,775</u>	<u>2,998,992</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,424,243</u>	<u>\$ 889,397</u>	<u>\$ 3,041,379</u>

See notes to financial statements.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016**

Special Revenue Funds				Capital Projects Fund	
Solicitor	Storm Water Drainage	Victim Notification	Charleston Development Corp	Construction	G.O.B Capital Projects
\$ 950,127	\$ -	\$ 19,882	\$ -	\$ -	\$ -
608,915	1,993,062	275,824	-	10,666,077	18,329,443
-	-	-	-	-	-
389,927	199,169	106	-	-	-
<u>\$ 1,948,969</u>	<u>\$ 2,192,231</u>	<u>\$ 295,812</u>	<u>\$ -</u>	<u>\$ 10,666,077</u>	<u>\$ 18,329,443</u>
\$ 5,147	\$ 5,970	\$ -	\$ -	\$ 71,493	\$ 32,695
113,487	52,229	24,540	-	7,782	-
-	-	-	-	-	-
89,089	42	15,895	-	-	1,505
-	-	-	-	-	-
<u>207,723</u>	<u>58,241</u>	<u>40,435</u>	<u>-</u>	<u>79,275</u>	<u>34,200</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,741,246	2,133,990	255,377	-	-	-
-	-	-	-	10,586,802	18,295,243
<u>1,741,246</u>	<u>2,133,990</u>	<u>255,377</u>	<u>-</u>	<u>10,586,802</u>	<u>18,295,243</u>
<u>\$ 1,948,969</u>	<u>\$ 2,192,231</u>	<u>\$ 295,812</u>	<u>\$ -</u>	<u>\$ 10,666,077</u>	<u>\$ 18,329,443</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016**

<u>ASSETS</u>	<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Equipment Replacement Fund</u>	<u>ITS / MIS</u>	
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ 1,093,327
Pooled cash and cash equivalents	660,937	1,390,639	64,081,792
Restricted cash and cash equivalents	-	-	937,332
Receivables (net of allowances for uncollectibles)	8,022	14,382	23,204,233
Total assets	\$ 668,959	\$ 1,405,021	\$ 89,316,684
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 2,909	\$ 102,320	\$ 2,800,834
Accrued payroll and fringe benefits	-	-	744,788
Due to other funds	-	-	735,795
Intergovernmental payable	2,060	-	7,144,252
Unearned revenue	-	-	504,607
Total liabilities	4,969	102,320	11,930,276
Deferred inflows of resources:			
Unavailable property tax revenues-current	-	-	12,101,152
Unavailable property tax revenues-delinquent	-	-	223,213
Total deferred inflows of resources	-	-	12,324,365
Fund balances:			
Restricted	-	-	34,213,307
Committed	663,990	1,302,701	30,848,736
Total fund balances	663,990	1,302,701	65,062,043
Total liabilities, deferred inflows of resources and fund balances	\$ 668,959	\$ 1,405,021	\$ 89,316,684

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Accommo- dations	Child Support Enforcement	Community Development	Construction Public Works
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	48,866	959,186	2,870,983	14,233,445
Fines and forfeitures	-	-	-	-
Service charges	15,699,420	-	-	-
Interest	12,822	-	-	69,486
Other revenues	-	-	-	-
Total revenues	15,761,108	959,186	2,870,983	14,302,931
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	87,004	-	-
Judicial	-	671,379	-	-
Public works	-	-	-	5,227,288
Health and welfare	-	-	2,875,703	-
Economic development	-	-	-	-
Culture and recreation	17,016,880	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	17,016,880	758,383	2,875,703	5,227,288
Excess (deficiency) of revenues over (under) expenditures	(1,255,772)	200,803	(4,720)	9,075,643
Other financing sources (uses):				
Capital lease proceeds	-	-	-	-
General obligation bonds issued	-	-	-	-
Refunding general obligation bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to escrow agent for refunding	-	-	-	-
Transfers in	-	23,397	33,487	4,455,500
Transfers out	(26,254)	(222,778)	-	(4,455,500)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(26,254)	(199,381)	33,487	-
Net change in fund balance	(1,282,026)	1,422	28,767	9,075,643
Fund balances at beginning of year	2,072,867	-	348,906	9,389,069
Fund balances at end of year	\$ 790,841	\$ 1,422	\$ 377,673	\$ 18,464,712

See notes to financial statements.

Special Revenue Funds

Disaster Fund	Economic Development	Education	Emergency Medical Services	Fire Districts	Hazardous Materials Enforcement
\$ -	\$ 2,713,303	\$ 9,507,728	\$ -	\$ 2,806,586	\$ -
994,127	4,546,611	214,086	796	147,464	-
-	-	-	-	-	214,749
-	-	-	-	-	-
-	-	-	-	-	-
-	2,970	-	-	1,937	-
<u>994,127</u>	<u>7,262,884</u>	<u>9,721,814</u>	<u>796</u>	<u>2,955,987</u>	<u>214,749</u>
-	-	123,336	-	-	-
-	-	-	25,800	3,155,645	225,043
-	-	-	-	-	-
3,362,780	-	-	-	-	-
-	6,527,276	-	-	-	-
-	-	-	-	-	-
-	-	6,499,594	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,362,780</u>	<u>6,527,276</u>	<u>6,622,930</u>	<u>25,800</u>	<u>3,155,645</u>	<u>225,043</u>
(2,368,653)	735,608	3,098,884	(25,004)	(199,658)	(10,294)
-	-	-	-	-	-
-	-	-	-	2,080,000	-
-	-	-	-	-	-
-	-	-	-	42,870	-
-	-	-	-	-	-
2,368,653	-	330,837	1,375	2,523,486	-
-	(663,893)	(3,502,708)	-	(2,523,486)	-
-	-	-	-	385,500	-
<u>2,368,653</u>	<u>(663,893)</u>	<u>(3,171,871)</u>	<u>1,375</u>	<u>2,508,370</u>	<u>-</u>
-	71,715	(72,987)	(23,629)	2,308,712	(10,294)
-	2,777,364	238,375	25,004	427,078	124,987
<u>\$ -</u>	<u>\$ 2,849,079</u>	<u>\$ 165,388</u>	<u>\$ 1,375</u>	<u>\$ 2,735,790</u>	<u>\$ 114,693</u>

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Public Defender	Safety Enforcement	Sheriff	Solicitor
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,809,145	1,572,420	103,500	1,325,753
Fines and forfeitures	-	39,811	375,615	31,255
Service charges	368,156	-	33,100	679,736
Interest	6,687	287	7,350	-
Other revenues	-	68,961	522,436	15,125
Total revenues	2,183,988	1,681,479	1,042,001	2,051,869
Expenditures:				
Current:				
General government	-	21,692	-	-
Public safety	-	1,319,619	971,415	-
Judicial	5,305,609	415,632	18,512	2,083,397
Public works	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	45,255	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	5,305,609	1,802,198	989,927	2,083,397
Excess (deficiency) of revenues over (under) expenditures	(3,121,621)	(120,719)	52,074	(31,528)
Other financing sources (uses):				
Capital lease proceeds	-	-	-	-
General obligation bonds issued	-	-	-	-
Refunding general obligation bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to escrow agent for refunding	-	-	-	-
Transfers in	3,097,292	185,940	75,849	216,790
Transfers out	-	(34,509)	(109,582)	(247,748)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	3,097,292	151,431	(33,733)	(30,958)
Net change in fund balance	(24,329)	30,712	18,341	(62,486)
Fund balances at beginning of year	1,133,283	443,063	2,980,651	1,803,732
Fund balances at end of year	\$ 1,108,954	\$ 473,775	\$ 2,998,992	\$ 1,741,246

See notes to financial statements.

Special Revenue Funds			Capital Projects Funds		
Storm Water Drainage	Victim Notification	Charleston Development Corp	Construction	G.O.B. Capital Projects	Equipment Replacement Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
535,098	57,637	-	-	-	-
-	371,608	-	-	-	-
1,327,776	141	-	-	-	-
9,754	-	-	11,799	57,449	4,988
-	-	535	-	-	-
1,872,628	429,386	535	11,799	57,449	4,988
-	-	-	-	-	-
-	201,604	-	-	-	-
-	255,158	-	-	-	-
1,556,460	-	-	-	-	-
-	-	3,035	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,903,453	2,567,843	-
-	-	-	-	175,294	-
1,556,460	456,762	3,035	1,903,453	2,743,137	-
316,168	(27,376)	(2,500)	(1,891,654)	(2,685,688)	4,988
-	-	-	-	-	-
-	-	-	-	18,795,000	-
-	-	-	-	56,680,000	-
-	-	-	-	11,314,041	-
-	-	-	-	(67,692,911)	-
-	-	-	8,754,311	-	627,597
-	-	(33,487)	-	(502)	(474,000)
-	-	-	-	-	23,284
-	-	(33,487)	8,754,311	19,095,628	176,881
316,168	(27,376)	(35,987)	6,862,657	16,409,940	181,869
1,817,822	282,753	35,987	3,724,145	1,885,303	482,121
\$ 2,133,990	\$ 255,377	\$ -	\$ 10,586,802	\$ 18,295,243	\$ 663,990

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Capital Projects Funds	
	ITS / MIS	Total Nonmajor Governmental Funds
Revenues:		
Property taxes	\$ -	\$ 15,027,617
Intergovernmental	14,382	29,433,499
Fines and forfeitures	-	1,033,038
Service charges	-	18,108,329
Interest	15,191	195,813
Other revenues	-	611,964
	<hr/>	<hr/>
Total revenues	29,573	64,410,260
	<hr/>	<hr/>
Expenditures:		
Current:		
General government	-	145,028
Public safety	-	5,986,130
Judicial	-	8,749,687
Public works	-	10,146,528
Health and welfare	-	2,878,738
Economic development	-	6,527,276
Culture and recreation	-	17,062,135
Education	-	6,499,594
Capital outlay	1,483,422	5,954,718
Debt service	-	175,294
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Total expenditures	1,483,422	64,125,128
	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(1,453,849)	285,132
	<hr/>	<hr/>
Other financing sources (uses):		
Capital lease proceeds	55,928	55,928
General obligation bonds issued	-	20,875,000
Refunding general obligation bonds issued	-	56,680,000
Bond premium	-	11,356,911
Payment to escrow agent for refunding	-	(67,692,911)
Transfers in	-	22,694,514
Transfers out	(1,011,248)	(13,305,695)
Proceeds from sale of capital assets	-	408,784
	<hr/>	<hr/>
Total other financing sources (uses)	(955,320)	31,072,531
	<hr/>	<hr/>
Net change in fund balance	(2,409,169)	31,357,663
Fund balances at beginning of year	3,711,870	33,704,380
	<hr/>	<hr/>
Fund balances at end of year	\$ 1,302,701	\$ 65,062,043
	<hr/>	<hr/>

See notes to financial statements.

**CHARLESTON COUNTY, SOUTH CAROLINA
INDIVIDUAL FUND SCHEDULES OF REVENUES
EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET
(GAAP BASIS) AND ACTUAL**



**COUNTY OF CHARLESTON, SOUTH CAROLINA
ACCOMMODATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 62,000	\$ 62,000	\$ 48,866	\$ (13,134)
Service charges	16,230,000	16,257,177	15,699,420	(557,757)
Interest	5,000	5,000	12,822	7,822
	<u>16,297,000</u>	<u>16,324,177</u>	<u>15,761,108</u>	<u>(563,069)</u>
Expenditures:				
Current:				
Culture and recreation	17,274,604	17,345,781	17,016,880	328,901
	<u>17,274,604</u>	<u>17,345,781</u>	<u>17,016,880</u>	<u>328,901</u>
Deficiency of revenues under expenditures	<u>(977,604)</u>	<u>(1,021,604)</u>	<u>(1,255,772)</u>	<u>(234,168)</u>
Other financing uses:				
Transfers out	<u>(26,850)</u>	<u>(26,850)</u>	<u>(26,254)</u>	<u>596</u>
Net change in fund balance	<u>(1,004,454)</u>	<u>(1,048,454)</u>	<u>(1,282,026)</u>	<u>(233,572)</u>
Fund balance at beginning of year	<u>2,072,867</u>	<u>2,072,867</u>	<u>2,072,867</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,068,413</u></u>	<u><u>\$ 1,024,413</u></u>	<u><u>\$ 790,841</u></u>	<u><u>\$ (233,572)</u></u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHILD SUPPORT ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 1,102,000	\$ 1,102,000	\$ 959,186	\$ (142,814)
Total revenues	1,102,000	1,102,000	959,186	(142,814)
Expenditures:				
Current:				
Public safety	85,726	85,726	87,004	(1,278)
Judicial	722,361	722,361	671,379	50,982
Total expenditures	808,087	808,087	758,383	49,704
Excess of revenues over expenditures	293,913	293,913	200,803	(93,110)
Other financing sources (uses):				
Transfers in	18,726	18,726	23,397	4,671
Transfers out	(312,639)	(312,639)	(222,778)	89,861
Total other financing sources (uses)	(293,913)	(293,913)	(199,381)	94,532
Net change in fund balance	-	-	1,422	1,422
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 1,422	\$ 1,422

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 2,723,326	\$ 2,723,326	\$ 2,713,303	\$ (10,023)
Intergovernmental	45,000	4,781,893	4,546,611	(235,282)
Other revenues	-	2,970	2,970	-
Total revenues	<u>2,768,326</u>	<u>7,508,189</u>	<u>7,262,884</u>	<u>(245,305)</u>
Expenditures:				
Current:				
Economic development	<u>3,208,040</u>	<u>7,567,286</u>	<u>6,527,276</u>	<u>1,040,010</u>
Total expenditures	<u>3,208,040</u>	<u>7,567,286</u>	<u>6,527,276</u>	<u>1,040,010</u>
Excess (deficiency) of revenues over (under) over expenditures	<u>(439,714)</u>	<u>(59,097)</u>	<u>735,608</u>	<u>794,705</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(663,893)</u>	<u>(663,893)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(663,893)</u>	<u>(663,893)</u>	<u>-</u>
Net change in fund balance	<u>(439,714)</u>	<u>(722,990)</u>	<u>71,715</u>	<u>794,705</u>
Fund balance at beginning of year	<u>2,777,364</u>	<u>2,777,364</u>	<u>2,777,364</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,337,650</u>	<u>\$ 2,054,374</u>	<u>\$ 2,849,079</u>	<u>\$ 794,705</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 9,265,000	\$ 9,674,685	\$ 9,507,728	\$ (166,957)
Intergovernmental	60,000	60,000	214,086	154,086
Total revenues	<u>9,325,000</u>	<u>9,734,685</u>	<u>9,721,814</u>	<u>(12,871)</u>
Expenditures:				
Current:				
General Government	100,000	288,724	123,336	165,388
Education	<u>6,179,000</u>	<u>6,504,000</u>	<u>6,499,594</u>	<u>4,406</u>
Total expenditures	<u>6,279,000</u>	<u>6,792,724</u>	<u>6,622,930</u>	<u>169,794</u>
Excess of revenues over expenditures	<u>3,046,000</u>	<u>2,941,961</u>	<u>3,098,884</u>	<u>156,923</u>
Other financing sources (uses):				
Transfers in	152,000	322,374	330,837	8,463
Transfers out	<u>(3,248,000)</u>	<u>(3,502,708)</u>	<u>(3,502,708)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,096,000)</u>	<u>(3,180,334)</u>	<u>(3,171,871)</u>	<u>8,463</u>
Net change in fund balance	(50,000)	(238,373)	(72,987)	165,386
Fund balance at beginning of year	<u>238,375</u>	<u>238,375</u>	<u>238,375</u>	<u>-</u>
Fund balance at end of year	<u>\$ 188,375</u>	<u>\$ 2</u>	<u>\$ 165,388</u>	<u>\$ 165,386</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
FIRE DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 2,629,050	\$ 2,644,150	\$ 2,806,586	\$ 162,436
Intergovernmental	109,692	109,692	147,464	37,772
Other revenues	-	-	1,937	1,937
Total revenues	<u>2,738,742</u>	<u>2,753,842</u>	<u>2,955,987</u>	<u>202,145</u>
Expenditures:				
Current:				
Public safety	<u>2,924,217</u>	<u>4,874,320</u>	<u>3,155,645</u>	<u>1,718,675</u>
Total expenditures	<u>2,924,217</u>	<u>4,874,320</u>	<u>3,155,645</u>	<u>1,718,675</u>
Deficiency of revenues under expenditures	<u>(185,475)</u>	<u>(2,120,478)</u>	<u>(199,658)</u>	<u>1,920,820</u>
Other financing sources (uses):				
General obligation bonds issued	-	2,080,000	2,080,000	-
Bond premium	-	42,870	42,870	-
Transfers in	-	2,523,486	2,523,486	-
Transfers out	-	(2,523,486)	(2,523,486)	-
Proceeds from the sale of capital assets	-	-	385,500	385,500
Total other financing sources (uses)	<u>-</u>	<u>2,122,870</u>	<u>2,508,370</u>	<u>385,500</u>
Net change in fund balance	(185,475)	2,392	2,308,712	2,306,320
Fund balance at beginning of year	<u>427,078</u>	<u>427,078</u>	<u>427,078</u>	<u>-</u>
Fund balance at end of year	<u>\$ 241,603</u>	<u>\$ 429,470</u>	<u>\$ 2,735,790</u>	<u>\$ 2,306,320</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
HAZARDOUS MATERIALS ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
Revenues:				
Fines and forfeitures	<u>\$ 220,000</u>	<u>\$ 220,000</u>	<u>\$ 214,749</u>	<u>\$ (5,251)</u>
Total revenues	<u>220,000</u>	<u>220,000</u>	<u>214,749</u>	<u>(5,251)</u>
Expenditures:				
Current:				
Public safety	<u>228,239</u>	<u>229,767</u>	<u>225,043</u>	<u>4,724</u>
Total expenditures	<u>228,239</u>	<u>229,767</u>	<u>225,043</u>	<u>4,724</u>
Deficiency of revenues under expenditures	<u>(8,239)</u>	<u>(9,767)</u>	<u>(10,294)</u>	<u>(527)</u>
Net change in fund balance	<u>(8,239)</u>	<u>(9,767)</u>	<u>(10,294)</u>	<u>(527)</u>
Fund balance at beginning of year	<u>124,987</u>	<u>124,987</u>	<u>124,987</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 116,748</u></u>	<u><u>\$ 115,220</u></u>	<u><u>\$ 114,693</u></u>	<u><u>\$ (527)</u></u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
PUBLIC DEFENDER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 1,838,374	\$ 1,858,239	\$ 1,809,145	\$ (49,094)
Service charges	285,000	410,000	368,156	(41,844)
Interest	2,250	2,250	6,687	4,437
Total revenues	<u>2,125,624</u>	<u>2,270,489</u>	<u>2,183,988</u>	<u>(86,501)</u>
Expenditures:				
Current:				
Judicial	<u>5,229,018</u>	<u>5,389,193</u>	<u>5,305,609</u>	<u>83,584</u>
Total expenditures	<u>5,229,018</u>	<u>5,389,193</u>	<u>5,305,609</u>	<u>83,584</u>
Deficiency of revenues under expenditures	<u>(3,103,394)</u>	<u>(3,118,704)</u>	<u>(3,121,621)</u>	<u>(2,917)</u>
Other financing sources:				
Transfers in	<u>3,097,292</u>	<u>3,097,292</u>	<u>3,097,292</u>	<u>-</u>
Net change in fund balance	<u>(6,102)</u>	<u>(21,412)</u>	<u>(24,329)</u>	<u>(2,917)</u>
Fund balance at beginning of year	<u>1,133,283</u>	<u>1,133,283</u>	<u>1,133,283</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,127,181</u>	<u>\$ 1,111,871</u>	<u>\$ 1,108,954</u>	<u>\$ (2,917)</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SHERIFF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 103,500	\$ 103,500	\$ 103,500	\$ -
Fines and forfeitures	168,152	168,152	375,615	207,463
Interest	-	-	7,350	7,350
Service charges	38,200	38,200	33,100	(5,100)
Other revenues	364,542	364,542	522,436	157,894
Total revenues	674,394	674,394	1,042,001	367,607
Expenditures:				
Current:				
Public safety	1,138,485	1,376,997	971,415	405,582
Judicial	18,512	18,512	18,512	-
Total expenditures	1,156,997	1,395,509	989,927	405,582
Excess (deficiency) of revenues over (under) expenditures	(482,603)	(721,115)	52,074	773,189
Other financing sources (uses):				
Transfers in	79,745	79,745	75,849	(3,896)
Transfers out	-	(109,582)	(109,582)	-
Total other financing sources (uses)	79,745	(29,837)	(33,733)	(3,896)
Net change in fund balance	(402,858)	(750,952)	18,341	769,293
Fund balance at beginning of year	2,980,651	2,980,651	2,980,651	-
Fund balance at end of year	<u>\$ 2,577,793</u>	<u>\$ 2,229,699</u>	<u>\$ 2,998,992</u>	<u>\$ 769,293</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SOLICITOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 1,343,317	\$ 1,363,091	\$ 1,325,753	\$ (37,338)
Fines and forfeitures	15,000	15,000	31,255	16,255
Service charges	672,000	672,000	679,736	7,736
Other revenues	500	500	15,125	14,625
Total revenues	2,030,817	2,050,591	2,051,869	1,278
Expenditures:				
Current:				
Judicial	2,265,622	2,257,920	2,083,397	174,523
Total expenditures	2,265,622	2,257,920	2,083,397	174,523
Deficiency of revenues under expenditures	(234,805)	(207,329)	(31,528)	175,801
Other financing sources (uses):				
Transfers in	227,031	227,154	216,790	(10,364)
Transfers out	(219,438)	(248,099)	(247,748)	351
Total other financing sources	7,593	(20,945)	(30,958)	(10,013)
Net change in fund balance	(227,212)	(228,274)	(62,486)	165,788
Fund balance at beginning of year	1,803,732	1,803,732	1,803,732	-
Fund balance at end of year	\$ 1,576,520	\$ 1,575,458	\$ 1,741,246	\$ 165,788

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STORMWATER DRAINAGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 639,500	\$ 529,500	\$ 535,098	\$ 5,598
Service charges	1,125,000	1,235,000	1,327,776	92,776
Interest	-	-	9,754	9,754
Total revenues	<u>1,764,500</u>	<u>1,764,500</u>	<u>1,872,628</u>	<u>108,128</u>
Expenditures:				
Current:				
Public works	<u>2,821,937</u>	<u>3,342,741</u>	<u>1,556,460</u>	<u>1,786,281</u>
Total expenditures	<u>2,821,937</u>	<u>3,342,741</u>	<u>1,556,460</u>	<u>1,786,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,057,437)</u>	<u>(1,578,241)</u>	<u>316,168</u>	<u>1,894,409</u>
Net change in fund balance	<u>(1,057,437)</u>	<u>(1,578,241)</u>	<u>316,168</u>	<u>1,894,409</u>
Fund balance at beginning of year	<u>1,817,822</u>	<u>\$ 1,817,822</u>	<u>\$ 1,817,822</u>	<u>\$ -</u>
Fund balance at end of year	<u><u>\$ 760,385</u></u>	<u><u>\$ 239,581</u></u>	<u><u>\$ 2,133,990</u></u>	<u><u>\$ 1,894,409</u></u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
VICTIM NOTIFICATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 58,000	\$ 58,000	\$ 57,637	\$ (363)
Fines and forfeitures	360,000	360,000	371,608	11,608
Service charges	-	-	141	141
	<u>418,000</u>	<u>418,000</u>	<u>429,386</u>	<u>11,386</u>
Total revenues				
Expenditures:				
Current:				
Public safety	203,239	203,239	201,604	1,635
Judicial	262,088	262,088	255,158	6,930
	<u>465,327</u>	<u>465,327</u>	<u>456,762</u>	<u>8,565</u>
Total expenditures				
Deficiency of revenues under expenditures	<u>(47,327)</u>	<u>(47,327)</u>	<u>(27,376)</u>	<u>19,951</u>
Net change in fund balance	(47,327)	(47,327)	(27,376)	19,951
Fund balance at beginning of year	<u>282,753</u>	<u>282,753</u>	<u>282,753</u>	<u>-</u>
Fund balance at end of year	<u>\$ 235,426</u>	<u>\$ 235,426</u>	<u>\$ 255,377</u>	<u>\$ 19,951</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
VICTIM NOTIFICATION SPECIAL REVENUE FUND
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES COLLECTED
June 30, 2016

	Total Collections	Remittance to State	Retained by County	General Fund	Victim Notification	Total County Revenue
Magistrates:						
Fines:						
Traffic/criminal	\$ 1,895,260	\$ -	\$ 1,895,260	\$ 1,895,260	\$ -	\$ 1,895,260
DUI/DUS/BUI	52,835	52,835	-	-	-	-
Assessments	1,296,930	1,182,234	114,696	-	114,696	114,696
Surcharges	522,676	473,671	49,005	-	49,005	49,005
	<u>3,767,701</u>	<u>1,708,740</u>	<u>2,058,961</u>	<u>1,895,260</u>	<u>163,701</u>	<u>2,058,961</u>
Clerk of Court:						
Fines:						
Fines and Fees	1,140,520	782,490	358,030	358,030	-	358,030
Family court	2,039,776	1,070,353	969,423	969,423	-	969,423
DUI/DUS/BUI	13,018	13,018	-	-	-	-
Assessments	157,394	100,560	56,834	-	56,834	56,834
Surcharges	260,311	109,239	151,072	-	151,072	151,072
	<u>3,611,019</u>	<u>2,075,660</u>	<u>1,535,360</u>	<u>1,327,454</u>	<u>207,906</u>	<u>1,535,360</u>
	<u>\$ 7,378,720</u>	<u>\$ 3,784,399</u>	<u>\$ 3,594,321</u>	<u>\$ 3,222,714</u>	<u>\$ 371,607</u>	<u>\$ 3,594,321</u>

See notes to financial statements.

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CHARLESTON COUNTY COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business.

DAODAS – This fund records the activity of programs administered by the Department of Alcohol and Other Drug Abuse Services (DAODAS). These programs reduce the negative impact of alcohol and other drugs on constituents by planning and implementing comprehensive and effective programs of professional services. State and Federal funding, Medicaid, client fees, and other funding sources support these programs.

E-911 Communications – This fund is used to account for the operations of the County's Emergency 911 communication system. This service is funded through a county-wide service charge on all telephone service and is collected by local utilities for the County.

Public Safety System – This fund is used to account for the cost related to the implementation and maintenance of records management systems for the detention center, law enforcement, fire districts, and other public safety entities.

Radio Communications – This fund is used to account for the comprehensive communications support to Charleston County agencies and neighboring external public safety agencies, including management of the 800 MHz public safety radio system, operation of the communications electronic maintenance facility, and management of the command post's emergency equipment and vehicles for response to emergencies and natural disasters.

Revenue Collections – This fund is used to account for the administration on a fee basis of the collection of accommodations, business licenses, hazardous material fees, storm water fees and the solid waste user fee for the County and municipalities.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2016

<u>ASSETS</u>	<u>DAODAS</u>	<u>E-911 Communications</u>	<u>Public Safety Systems</u>	<u>Radio Communications</u>	<u>Revenue Collections</u>	<u>Totals</u>
Current assets:						
Non-pooled cash and cash equivalents	\$ 700	\$ -	\$ -	\$ -	\$ 398,209	\$ 398,909
Pooled cash and cash equivalents	1,561,798	3,113,536	256,930	437,528	4,203,419	9,573,211
Receivables (net of allowances for uncollectibles)	1,914,467	286,894	12,490	113,430	47,435	2,374,716
Prepaid rent	92,821	-	-	-	-	92,821
Total current assets	3,569,786	3,400,430	269,420	550,958	4,649,063	12,439,657
Capital assets:						
Buildings	9,702,367	-	-	-	-	9,702,367
Improvements other than buildings	270,255	-	-	-	-	270,255
Machinery and equipment	642,519	3,102,328	-	671,624	98,437	4,514,908
Less accumulated depreciation	(4,359,308)	(2,537,100)	-	(385,705)	(34,043)	(7,316,156)
Total capital assets (net of accumulated depreciation)	6,255,833	565,228	-	285,919	64,394	7,171,374
Total noncurrent assets	6,255,833	565,228	-	285,919	64,394	7,171,374
Total assets	9,825,619	3,965,658	269,420	836,877	4,713,457	19,611,031

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2016

<u>LIABILITIES AND EQUITY</u>	<u>DAODAS</u>	<u>E-911 Communications</u>	<u>Public Safety Systems</u>	<u>Radio Communications</u>	<u>Revenue Collections</u>	<u>Totals</u>
Current liabilities:						
Accounts payable	\$ 174,581	\$ 46,772	\$ 1,099	\$ 38,485	\$ 11,929	\$ 272,866
Accrued payroll and fringe benefits	335,180	34,602	-	11,089	74,973	455,844
Compensated absences-current	25,578	-	-	-	3,641	29,219
Due to other funds	8,571,236	550,224	90,632	299,974	1,814,141	11,326,207
Intergovernmental payable	2,541	1,166	-	3,145	4,007,577	4,014,429
Unearned revenue	26,232	-	-	-	-	26,232
Total current liabilities	9,135,348	632,764	91,731	352,693	5,912,261	16,124,797
Noncurrent liabilities:						
Compensated absences	364,063	36,679	1,275	4,741	144,011	550,769
Total noncurrent liabilities	364,063	36,679	1,275	4,741	144,011	550,769
Total liabilities	9,499,411	669,443	93,006	357,434	6,056,272	16,675,566
<u>NET POSITION</u>						
Net investment in capital assets	6,255,833	565,228	-	285,919	64,394	7,171,374
Unrestricted	(5,929,625)	2,730,987	176,414	193,524	(1,407,209)	(4,235,909)
Total net position	\$ 326,208	\$ 3,296,215	\$ 176,414	\$ 479,443	\$ (1,342,815)	\$ 2,935,465

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2016

	DAODAS	E-911 Communications	Public Safety Systems	Radio Communications	Revenue Collections	Totals
Operating revenues:						
Charges for services	\$ 7,205,280	\$ 2,382,138	\$ 375,066	\$ 2,729,076	\$ 2,012,504	\$ 14,704,064
Other revenues	9,317	-	-	-	2,275	11,592
Total operating revenues	7,214,597	2,382,138	375,066	2,729,076	2,014,779	14,715,656
Operating expenses:						
Personnel services	5,499,528	863,172	24,560	190,447	1,333,007	7,910,714
Contractual services	584,103	555,687	349,271	273,791	28,056	1,790,908
Materials and supplies	476,695	38,800	-	550,472	12,738	1,078,705
Utilities	287,663	386,478	-	105,420	-	779,561
Repairs and maintenance	175,112	72,309	-	1,868,604	-	2,116,025
Rental expenses	126,019	-	-	449,439	-	575,458
Vehicle fleet charges	12,483	1,077	-	3,401	5,119	22,080
Employee benefits	1,768,626	126,213	16,891	60,316	357,756	2,329,802
Other expenses	2,031,549	371,555	59,792	1,217,930	527,670	4,208,496
Depreciation and amortization	299,235	431,253	-	96,492	13,948	840,928
Total operating expenses	11,261,013	2,846,544	450,514	4,816,312	2,278,294	21,652,677
Operating income (loss)	(4,046,416)	(464,406)	(75,448)	(2,087,236)	(263,515)	(6,937,021)
Nonoperating revenues (expenses):						
Interest income	2,778	12,965	217	-	20,046	36,006
Intergovernmental revenues	662,835	-	-	-	-	662,835
Gain (loss) on disposal of capital assets	13,285	-	-	-	-	13,285
Total nonoperating revenues (expenses)	678,898	12,965	217	-	20,046	712,126
Income (loss) before transfers	(3,367,518)	(451,441)	(75,231)	(2,087,236)	(243,469)	(6,224,895)
Transfers in	1,438,587	-	292,485	2,235,523	-	3,966,595
Transfers out	-	-	-	-	-	-
Change in net position	(1,928,931)	(451,441)	217,254	148,287	(243,469)	(2,258,300)
Total net position - beginning, as restated	2,255,139	3,747,656	(40,840)	331,156	(1,099,346)	5,193,765
Total net position - ending	\$ 326,208	\$ 3,296,215	\$ 176,414	\$ 479,443	\$ (1,342,815)	\$ 2,935,465

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended June 30, 2016

	DAODAS	E-911 Communications	Public Safety System	Radio Communications	Revenue Collections	Totals
Cash flows from operating activities:						
Cash received from customers	\$ 7,123,991	\$ 3,884,741	\$ 352,681	\$ 2,692,254	\$ 2,074,719	\$ 16,128,386
Cash payments to suppliers for goods and services	(2,166,478)	(1,299,483)	(392,600)	(4,466,806)	926,454	(7,398,913)
Cash payments to employees for services	(7,217,020)	(960,949)	(43,626)	(250,785)	(1,661,341)	(10,133,721)
Net cash provided by (used in) operating activities	(2,259,507)	1,624,309	(83,545)	(2,025,337)	1,339,832	(1,404,248)
Cash flows from noncapital financing activities:						
Transfers in	1,438,587	-	292,485	2,235,523	-	3,966,595
Transfers (out)	-	-	-	-	-	-
Intergovernmental receipt	662,835	-	-	-	-	662,835
Net cash provided by noncapital financing activities	2,101,422	-	292,485	2,235,523	-	4,629,430
Cash flows from capital and related financing activities:						
Proceeds from sale of capital assets	13,285	-	-	-	-	13,285
Acquisition and construction of capital assets	(92,938)	(140,455)	-	(213,840)	-	(447,233)
Net cash used in capital and related financing activities	(79,653)	(140,455)	-	(213,840)	-	(433,948)
Cash flows from investing activities:						
Interest received	2,778	12,965	217	-	20,046	36,006
Net cash provided by investing activities	2,778	12,965	217	-	20,046	36,006
Net increase (decrease) in cash and cash equivalents	(234,960)	1,496,819	209,157	(3,654)	1,359,878	2,827,240
Cash and cash equivalents at beginning of year	1,797,458	1,616,717	47,773	441,182	3,241,750	7,144,880
Cash and cash equivalents at end of year	\$ 1,562,498	\$ 3,113,536	\$ 256,930	\$ 437,528	\$ 4,601,628	\$ 9,972,120
Reconciliation to balance sheet:						
Non-pooled cash and cash equivalents	\$ 700	\$ -	\$ -	\$ -	\$ 398,209	\$ 398,909
Pooled cash and cash equivalents	1,561,798	3,113,536	256,930	437,528	4,203,419	9,573,211
Cash and cash equivalents at end of year	\$ 1,562,498	\$ 3,113,536	\$ 256,930	\$ 437,528	\$ 4,601,628	\$ 9,972,120

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended June 30, 2016

	DAODAS	E-911 Communications	Public Safety System	Radio Communications	Revenue Collections	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (4,046,416)	\$ (464,406)	\$ (75,448)	\$ (2,087,236)	\$ (263,515)	\$ (6,937,021)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	299,235	431,253	-	96,492	13,948	840,928
Allowance for doubtful account	19,315	-	-	-	-	19,315
Changes in assets and liabilities:						
(Increase) decrease in receivables	(126,776)	1,502,603	(10,286)	(36,822)	59,940	1,388,659
Increase in accounts payable	1,527,146	126,423	16,463	2,251	1,500,037	3,172,320
Increase (decrease) in accrued payroll	51,134	28,436	(2,175)	(22)	29,422	106,795
Increase (decrease) in unearned revenue	16,855	-	(12,099)	-	-	4,756
Total adjustments	1,786,909	2,088,715	(8,097)	61,899	1,603,347	5,532,773
Net cash provided by (used in) operating activities	\$ (2,259,507)	\$ 1,624,309	\$ (83,545)	\$ (2,025,337)	\$ 1,339,832	\$ (1,404,248)

See notes to financial statements.

CHARLESTON COUNTY COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments of the government, on a cost reimbursement basis.

Fleet Management - This fund is used to account for all operations of the County's centrally administered vehicle operation. Functions included within this operation are writing the specifications and assisting in the purchase of all on and off-road vehicles and equipment; owning all vehicles and equipment not specifically used in other County proprietary operations; maintaining all vehicles and equipment; operating a County-wide fuel distribution and monitoring system; operating a fleet of pool cars for those departments not directly assigned vehicles; and operating a vehicle parts warehouse.

Office Support Services - This fund is used to account for the mail pick-up and delivery service, duplicating machines, postage metering service and records management. Records management includes establishing records retention schedules for all County operations, centralized storage of records and a centralized microfilming operation.

Workers' Compensation - This fund is used to account for the costs of staffing a workers' compensation division as well as the cost of providing insurance through the S.C. Association of County Commissioners Self-Insurance Fund. Funding is provided by levying a percentage charge against all departmental payrolls. In fiscal year 1996, insurance was converted to self-insurance coverage for all claims less than \$100,000.

Employee Benefits - This fund is used to account for costs of providing health and life insurance to the County's employees and retirees, as well as providing retirement benefits. Funding is provided by a percentage charge against all departmental payrolls and payments from retirees. The fund is administered by seven trustees; the Finance Director and Human Resources Director as permanent members, the Chairman of the Employee Insurance Committee for the duration of term in office, and for two year periods, trustees appointed by the 1) Elected Officials, 2) Appointed Officials, 3) County Administrator, and 4) Deputy Administrator for Finance. As of January 1, 1993, the Trustees had contracted with the South Carolina Department of Insurance to provide all of the County's health and life insurance. To provide retirement benefits to its employees, the County contracts with the South Carolina Public Employee Benefits Authority (PEBA) which administers the various retirement systems and retirement programs managed by its retirement division.

Telecommunications - This fund is used to account for the centrally administered telecommunications system, which includes pagers and cellular telephones.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits	Telecom- munications	Totals
ASSETS						
Current assets:						
Pooled cash and cash equivalents	\$ 1,724,360	\$ 293,219	\$ 5,795,913	\$ 32,234,563	\$ 475,927	\$ 40,523,982
Cash with fiscal agent	-	-	125,000	-	-	125,000
Pooled investments	-	-	-	3,451,749	-	3,451,749
Receivables (net of allowances for uncollectibles)	221,968	-	-	227,294	-	449,262
Due from other funds	-	-	141,837	23,896,372	-	24,038,209
Inventories	322,486	-	-	-	-	322,486
Total current assets	2,268,814	293,219	6,062,750	59,809,978	475,927	68,910,688
Capital assets:						
Buildings	1,550,503	145,180	-	-	-	1,695,683
Machinery and equipment	35,802,667	1,975,373	398,493	-	1,116,189	39,292,722
Less accumulated depreciation	(21,051,351)	(1,363,284)	(284,048)	-	(434,360)	(23,133,043)
Total capital assets (net of accumulated depreciation)	16,301,819	757,269	114,445	-	681,829	17,855,362
Total assets	18,570,633	1,050,488	6,177,195	59,809,978	1,157,756	86,766,050
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions made subsequent to measurement date	-	-	-	13,359,612	-	13,359,612
Difference between expected and actual experience	-	-	-	22,509,459	-	22,509,459
Total deferred outflows of resources	-	-	-	35,869,071	-	35,869,071
LIABILITIES						
Current liabilities:						
Accounts payable	304,675	64,428	2,965,205	32,774	114,918	3,482,000
Accrued payroll and fringe benefits	129,705	35,946	23,868	5,642	18,347	213,508
Compensated absences-current	27,988	5,458	-	-	222	33,668
Intergovernmental payable	3,404	-	236,781	1,830,534	36	2,070,755
Lease payable - current	-	276,494	-	-	-	276,494
Total current liabilities	465,772	382,326	3,225,854	1,868,950	133,523	6,076,425
Noncurrent liabilities:						
OPEB liability	-	-	-	32,221,614	-	32,221,614
Compensated absences	193,082	50,463	51,200	5,551	20,760	321,056
Lease payable	-	322,391	-	-	-	322,391
Net pension liability	-	-	-	211,933,021	-	211,933,021
Total noncurrent liabilities	193,082	372,854	51,200	244,160,186	20,760	244,798,082
Total liabilities	658,854	755,180	3,277,054	246,029,136	154,283	250,874,507
DEFERRED INFLOWS OF RESOURCES						
Net difference between projected and actual earnings on pension plan investments	-	-	-	13,586,149	-	13,586,149
NET POSITION						
Net investment in capital assets	16,301,819	158,384	114,445	-	681,829	17,256,477
Unrestricted	1,609,960	136,924	2,785,696	(163,936,236)	321,644	(159,082,012)
Total net position	\$ 17,911,779	\$ 295,308	\$ 2,900,141	\$ (163,936,236)	\$ 1,003,473	\$ (141,825,535)

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits	Telecom- munications	Totals
Operating revenues:						
Charges for services	\$ 12,075,807	\$ 2,026,782	\$ 4,353,489	\$ 41,396,425	\$ 1,970,341	\$ 61,822,844
Total operating revenues	12,075,807	2,026,782	4,353,489	41,396,425	1,970,341	61,822,844
Operating expenses:						
Personnel services	2,180,472	663,251	411,539	100,187	314,571	3,670,020
Contractual services	5,545	16,244	3,630,957	-	1,368	3,654,114
Materials and supplies	7,711,025	654,797	139,857	24,409	7,202	8,537,290
Utilities	94,961	19,629	-	-	1,352,136	1,466,726
Repairs and maintenance	42,681	248,296	34,425	-	116,785	442,187
Rental expenses	-	13,174	-	-	-	13,174
Vehicle fleet charges	103,417	8,881	10,543	-	3,827	126,668
Employee benefits	-	-	-	39,840,262	-	39,840,262
Other expenses	426,098	63,067	36,788	2,226	17,100	545,279
Depreciation	3,721,450	317,643	72,568	-	104,166	4,215,827
Total operating expenses	14,285,649	2,004,982	4,336,677	39,967,084	1,917,155	62,511,547
Operating income (loss)	(2,209,842)	21,800	16,812	1,429,341	53,186	(688,703)
Nonoperating revenues (expenses):						
Interest income	12,296	894	30,822	170,577	1,044	215,633
Intergovernmental revenues	-	5,937	-	-	-	5,937
Interest expense	-	(59,642)	-	-	-	(59,642)
Gain (loss) on disposal of capital assets	194,244	-	-	-	2,070	196,314
Total nonoperating revenues (expenses)	206,540	(52,811)	30,822	170,577	3,114	358,242
Income (loss) before transfers	(2,003,302)	(31,011)	47,634	1,599,918	56,300	(330,461)
Transfers in	5,174,778	50,000	-	-	-	5,224,778
Transfers out	(501,082)	-	-	-	(69,000)	(570,082)
Change in net position	2,670,394	18,989	47,634	1,599,918	(12,700)	4,324,235
Total net position - beginning	15,241,385	276,319	2,852,507	(165,536,154)	1,016,173	(146,149,770)
Total net position - ending	\$ 17,911,779	\$ 295,308	\$ 2,900,141	\$ (163,936,236)	\$ 1,003,473	\$ (141,825,535)

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits	Telecom- munications	Totals
Cash flows from operating activities:						
Cash received from customers	\$ 151,163	\$ -	\$ -	\$ -	\$ 2,542	\$ 153,705
Cash receipts from interfund services provided	11,800,121	2,032,971	4,491,758	36,209,557	1,968,032	56,502,439
Cash payments to suppliers for goods and services	(8,456,291)	(1,075,128)	(4,221,866)	(32,681,521)	(1,485,699)	(47,920,505)
Cash payments to employees for services	(2,184,958)	(664,325)	(404,880)	(184,729)	(298,114)	(3,737,006)
Net cash provided by operating activities	1,310,035	293,518	(134,988)	3,343,307	186,761	4,998,633
Cash flows from noncapital financing activities:						
Transfers in	5,174,778	50,000	-	-	-	5,224,778
Transfers (out)	(501,082)	-	-	-	(69,000)	(570,082)
Net cash provided by noncapital financing activities	4,673,696	50,000	-	-	(69,000)	4,654,696
Cash flows from capital and related financing activities:						
Principal paid on long-term debt	-	(268,718)	-	-	-	(268,718)
Interest paid	-	(59,642)	-	-	-	(59,642)
Proceeds from capital lease	-	14,477	-	-	-	14,477
Proceeds from sale of capital assets	368,941	-	-	-	4,070	373,011
Acquisition and construction of capital assets (including capitalized interest)	(7,845,415)	(64,772)	(46,915)	-	(33,746)	(7,990,848)
Net cash used in capital and related financing activities	(7,476,474)	(378,655)	(46,915)	-	(29,676)	(7,931,720)
Cash flows from investing activities:						
Interest received	12,296	894	30,822	170,577	1,044	215,633
Net cash provided by investing activities	12,296	894	30,822	170,577	1,044	215,633
Net increase in cash and cash equivalents	(1,480,447)	(34,243)	(151,081)	3,513,884	89,129	1,937,242
Cash and cash equivalents at beginning of year	3,204,807	327,462	6,071,994	32,172,428	386,798	42,163,489
Cash and cash equivalents at end of year	\$ 1,724,360	\$ 293,219	\$ 5,920,913	\$ 35,686,312	\$ 475,927	\$ 44,100,731
Reconciliation to balance sheet:						
Pooled cash and cash equivalents	\$ 1,724,360	\$ 293,219	\$ 5,795,913	\$ 32,234,563	\$ 475,927	\$ 40,523,982
Pooled investments	-	-	-	3,451,749	-	3,451,749
Cash with fiscal agent	-	-	125,000	-	-	125,000
Cash and cash equivalents at end of year	\$ 1,724,360	\$ 293,219	\$ 5,920,913	\$ 35,686,312	\$ 475,927	\$ 44,100,731

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended June 30, 2016

	Fleet Management	Office Support Services	Workers' Compensation	Employee Benefits	Telecom- munications	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (2,209,842)	\$ 21,800	\$ 16,812	\$ 1,429,341	\$ 53,186	\$ (688,703)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	3,721,450	317,643	72,568	-	104,166	4,215,827
Changes in assets, deferred outflows and inflows of resources, and liabilities:						
(Increase) decrease in receivables	(124,523)	6,189	138,269	(5,186,868)	233	(5,166,700)
Decrease in inventory	5,857	-	-	-	-	5,857
Increase (decrease) in accounts payable	(78,421)	(51,040)	(369,296)	3,040,211	12,719	2,554,173
Increase (decrease) in accrued payroll	(4,486)	(1,074)	6,659	(84,542)	16,457	(66,986)
Increase in net pension liability	-	-	-	25,819,555	-	25,819,555
(Increase) in deferred outflows of resources for pensions	-	-	-	(17,751,394)	-	(17,751,394)
(Decrease) in deferred inflows of resources for pensions	-	-	-	(3,922,996)	-	(3,922,996)
Total adjustments	3,519,877	271,718	(151,800)	1,913,966	133,575	5,687,336
Net cash provided by operating activities	\$ 1,310,035	\$ 293,518	\$ (134,988)	\$ 3,343,307	\$ 186,761	\$ 4,998,633

See notes to financial statements.

CHARLESTON COUNTY COMBINING STATEMENTS - FIDUCIARY FUNDS

Agency funds are custodial in nature (assets equal liabilities) and thus do not represent the measurement or results of operations.

Agency Funds - This fund primarily consists of monies collected and disbursed by the County Treasurer (an elected, constitutionally mandated official) for various governmental units and taxing entities within Charleston County's borders as defined by South Carolina law. These monies are not under the control of Charleston County Council. This fund also consists of monies administered by several elected, appointed and other officials who, by nature of their position, collect and disburse cash. These officials consist of the Revenue Collections, Clerk of Court (who administers both Clerk of Court and Family Court funds), Delinquent Tax Collector, Family Court, Magistrates, Master-In-Equity, Probate Court Judge, Sheriff, and Solicitor.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>ASSETS</u>				
Non-pooled cash and cash equivalents:				
Held by Revenue Collections Third parties	\$ 240,529	\$ 25,781	\$ 56,651	\$ 209,659
Held by Clerk of Court Third parties	10,432,793	28,174,227	22,362,921	16,244,099
Held by Delinquent Tax Third parties	450,203	11,009	349,775	111,437
Held by Family Court Third parties	532,695	31,823,919	31,911,426	445,188
Held by Magistrates Third parties	74,084	60,068	74,084	60,068
Held by Master-In-Equity Third parties	3,488,511	33,482,046	32,860,182	4,110,375
Held by Probate Third parties	3,410	10,920	7,330	7,000
Held by Public Defender Third parties	8,383	101,449	100,853	8,979
Held by Sheriff Third parties	263,359	3,767,053	3,811,180	219,232
Held by Solicitor Third parties	469,121	770,529	820,540	419,110
Total non-pooled cash and cash equivalents	15,963,088	98,227,001	92,354,942	21,835,147
Non-pooled investments:				
Held by Clerk of Court Third parties	123,000	60,981	45,000	138,981

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See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>ASSETS</u>				
Pooled investments:				
Held by Treasurer				
C & B Fire Department	\$ -	\$ 10,846	\$ 10,846	\$ -
Charleston County Airport	(1,038)	-	-	(1,038)
Charleston County PRC	(439,922)	32,198,138	31,881,144	(122,928)
Charleston County School District	36,050,247	567,219,818	574,626,949	28,643,116
City of Charleston	363,335	78,977,145	79,260,469	80,011
City of Folly Beach	13,109	2,181,275	2,183,206	11,178
City of Folly Beach/James Island	769	105,333	105,585	517
City of Isle of Palms	24,757	4,228,180	4,229,955	22,982
City of North Charleston	324,996	54,294,678	54,198,516	421,158
Cooper River PPC	1,299	216,618	215,983	1,934
East Cooper Fire District	68	-	68	-
James Island PSD	459,470	6,351,642	6,411,635	399,477
James Island Fireman's Fund	-	74,532	74,532	-
North Charleston District	7,985	1,198,942	1,195,065	11,862
S. C. Fireman's Association	-	2,593,614	2,593,614	-
St. Andrew's PPPC	30,365	1,700,841	1,715,388	15,818
St. Andrew's Public Service District	228,452	6,150,700	6,298,561	80,591
St. John's Fire District	251,238	13,122,991	13,106,810	267,419
St. John's Fireman's Fund	-	393,151	393,151	-
St. Paul's Fire District	132,599	5,974,320	6,048,956	57,963
St. Paul's Fireman's Fund	-	73,634	73,634	-
State Agencies	233,133	775,953,989	775,913,269	273,853
Third parties	16,065,413	219,832,424	230,700,356	5,197,481
Town of Awendaw Fireman's Assoc	-	51,207	51,207	-
Town of Awendaw	2,406	134,425	134,941	1,890
Town of Lincolnville	3,647	107,505	108,678	2,474
Town of McClellanville	251	40,115	39,928	438
Town of Mount Pleasant	44,931	37,440,116	37,423,125	61,922
Town of Sullivan's Island	12,193	2,579,426	2,581,358	10,261
Town of Summerville	3,880	456,079	455,223	4,736
EMS Employee Fund	450	-	50	400
Ten Mile Whitehall Escrow	16,025	57	10,120	5,962
Total held by Treasurer	53,830,058	1,813,661,741	1,832,042,322	35,449,477
Held by Drug & Vice Seizure Trust				
Third parties	499,544	453,689	464,568	488,665
Total pooled investments	54,329,602	1,814,115,430	1,832,506,890	35,938,142
Total assets	\$ 70,415,690	\$ 1,912,403,412	\$ 1,924,906,832	\$ 57,912,270

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>LIABILITIES</u>				
Due to component units:				
Charleston County PRC	\$ (439,922)	\$ 32,198,138	\$ 31,881,144	\$ (122,928)
Cooper River PPC	1,299	216,618	215,983	1,934
North Charleston District	7,985	1,198,942	1,195,065	11,862
St. Andrew's PPPC	30,365	1,700,841	1,715,388	15,818
St. John's Fire District	251,238	13,122,991	13,106,810	267,419
St. Paul's Fire District	132,599	5,974,320	6,048,956	57,963
Total due to component units	(16,436)	54,411,850	54,163,346	232,068
Intergovernmental payable:				
C & B Fire Department	-	10,846	10,846	-
Charleston County Airport	(1,038)	-	-	(1,038)
Charleston County School District	36,050,247	567,219,818	574,626,949	28,643,116
City of Charleston	363,335	78,977,145	79,260,469	80,011
City of Folly Beach	13,109	2,181,275	2,183,206	11,178
City of Folly Beach/James Island	769	105,333	105,585	517
City of Isle of Palms	24,757	4,228,180	4,229,955	22,982
City of North Charleston	324,996	54,294,678	54,198,516	421,158
East Cooper Fire District	68	-	68	-
James Island Fireman's Fund	-	74,532	74,532	-
S. C. Fireman's Association	-	2,593,614	2,593,614	-
St. John's Fireman's Fund	-	393,151	393,151	-
St. Andrew's Public Service District	228,452	6,150,700	6,298,561	80,591
St. Paul's Fireman's Fund	-	73,634	73,634	-
State Agencies	233,133	775,953,989	775,913,269	273,853
Town of Awendaw Fireman's Assoc	-	51,207	51,207	-
Town of Awendaw	2,406	134,425	134,941	1,890
Town of Lincolnville	3,647	107,505	108,678	2,474
Town of McClellanville	251	40,115	39,928	438
Town of Mount Pleasant	44,931	37,440,116	37,423,125	61,922
Town of Sullivan's Island	12,193	2,579,426	2,581,358	10,261
Town of Summerville	3,880	456,079	455,223	4,736
James Island PSD	459,470	6,351,642	6,411,635	399,477
EMS Employee Fund	450	-	50	400
Ten Mile Whitehall Escrow	16,025	57	10,120	5,962
Total intergovernmental payable	37,781,081	1,539,417,467	1,547,178,620	30,019,928
Due to third parties	32,651,045	318,574,095	323,564,866	27,660,274
Total liabilities	\$ 70,415,690	\$ 1,912,403,412	\$ 1,924,906,832	\$ 57,912,270

See notes to financial statements.

**CHARLESTON COUNTY, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENT FUNDS**



COUNTY OF CHARLESTON, SOUTH CAROLINA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function
June 30, 2016

Function	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 4,594,736	\$ 73,628,448	\$ 1,284,163	\$ 41,956,128	\$ -	\$ 216,223	\$ 121,679,698
Public safety	6,002,667	164,216,750	1,322,576	40,541,960	-	-	212,083,953
Judicial	-	60,706,495	376,824	1,541,500	-	-	62,624,819
Public works	188,336	570,761	31,160	1,265,713	52,113,628	-	54,169,598
Health and welfare	177,160	3,282,223	1,043,770	1,073,261	-	-	5,576,414
Culture and recreation	12,318,972	28,121,507	-	105,000	-	399,525	40,945,004
Economic Development	-	-	-	79,750	-	-	79,750
Total	\$ 23,281,871	\$ 330,526,184	\$ 4,058,493	\$ 86,563,312	\$ 52,113,628	\$ 615,748	\$ 497,159,236

This schedule presents only the capital asset balances related to the governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

COUNTY OF CHARLESTON, SOUTH CAROLINA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function
For the Year Ended June 30, 2016

Function	Balance July 1, 2015	Additions *	Deletions *	Balance June 30, 2016
General government	\$ 118,023,616	\$ 3,707,956	\$ (51,874)	\$ 121,679,698
Public safety	208,064,807	5,603,906	(1,584,760)	212,083,953
Judicial	62,385,245	239,574	-	62,624,819
Public works	49,702,977	4,546,556	(79,935)	54,169,598
Health and welfare	5,371,803	204,611	-	5,576,414
Culture and recreation	40,545,479	399,525	-	40,945,004
Economic Development	79,750	-	-	79,750
Total	\$ 484,173,677	\$ 14,702,128	\$ (1,716,569)	\$ 497,159,236

* The additions and deletions include amounts for inter-function transfers.

This schedule presents only the capital asset balances related to the governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

STATISTICAL TABLES (UNAUDITED)



STATISTICAL TABLES

This section of the County of Charleston South Carolina's comprehensive annual financial report presents detailed trend and other information as a context for understanding what the information in the basic financial statements, notes to the basic financial statements, required supplementary information and other supplementary information says about the County's overall financial health.

	<u>Page Number</u>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	184 - 190
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	191 - 195
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	196 - 200
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	201 -202
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	203 - 207
Financial Assurance Coverage	208

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 89,153,294	\$ 102,685,537	\$ 99,409,429	\$ 98,333,460	\$ 109,879,879	\$ 113,295,767	\$ 93,885,285	\$ 98,106,506	\$ 106,149,896	\$ 103,292,815
Restricted	69,829,579	120,020,898	26,497,016	31,716,002	133,951,227	297,250,879	(138,560,395)	48,382,297	37,531,648	122,097,776
Unrestricted	26,178,518	(61,981,588)	(1,257,571)	(41,322,471)	(205,897,191)	(428,921,260)	(11,589,346)	(241,231,165)	(420,562,760)	(483,748,855)
Total Governmental Activities Net Position	<u>\$ 185,161,391</u>	<u>\$ 160,724,847</u>	<u>\$ 124,648,874</u>	<u>\$ 88,726,991</u>	<u>\$ 37,933,915</u>	<u>\$ (18,374,614)</u>	<u>\$ (56,264,456)</u>	<u>\$ (94,742,362)</u>	<u>\$ (276,881,216)</u>	<u>\$ (258,358,264)</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 24,637,561	\$ 26,839,792	\$ 27,790,358	\$ 30,486,244	\$ 32,625,114	\$ 38,035,202	\$ 41,685,714	\$ 47,560,913	\$ 52,721,337	\$ 54,525,303
Restricted	34,873,968	38,021,909	39,974,530	41,832,681	48,107,916	54,181,917	57,336,068	-	-	-
Unrestricted	36,781,998	40,032,892	35,882,091	30,461,308	29,145,836	27,593,816	24,015,581	81,762,726	66,112,782	65,179,026
Total Business-type Activities Net Position	<u>\$ 96,293,527</u>	<u>\$ 104,894,593</u>	<u>\$ 103,646,979</u>	<u>\$ 102,780,233</u>	<u>\$ 109,878,866</u>	<u>\$ 119,810,935</u>	<u>\$ 123,037,363</u>	<u>\$ 129,323,639</u>	<u>\$ 118,834,119</u>	<u>\$ 119,704,329</u>
Primary Government										
Net Investment in Capital Assets	\$ 113,790,855	\$ 129,525,329	\$ 127,199,787	\$ 128,819,704	\$ 142,504,993	\$ 151,330,969	\$ 135,570,999	\$ 145,667,419	\$ 158,871,233	\$ 157,818,118
Restricted	104,703,547	158,042,807	66,471,546	73,548,683	182,059,143	351,432,796	(81,224,327)	48,382,297	37,531,648	122,097,776
Unrestricted	62,960,516	(21,948,696)	34,624,520	(10,861,163)	(176,751,355)	(401,327,444)	12,426,235	(159,468,439)	(354,449,978)	(418,569,829)
Total Primary Government Net Position	<u>\$ 281,454,918</u>	<u>\$ 265,619,440</u>	<u>\$ 228,295,853</u>	<u>\$ 191,507,224</u>	<u>\$ 147,812,781</u>	<u>\$ 101,436,321</u>	<u>\$ 66,772,907</u>	<u>\$ 34,581,277</u>	<u>\$ (158,047,097)</u>	<u>\$ (138,653,935)</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	\$ 65,198,099	\$ 65,852,893	\$ 57,001,166	\$ 51,006,419	\$ 55,667,451	\$ 60,157,225	\$ 62,312,191	\$ 73,881,418	\$ 76,385,859	\$ 82,067,067
Public Safety	65,619,715	79,153,052	79,004,932	77,890,858	82,516,821	86,501,938	96,642,229	98,306,015	101,117,724	100,145,235
Judicial	20,545,790	22,201,442	28,605,375	25,578,697	26,116,113	26,577,935	26,996,074	27,772,787	28,308,049	28,929,279
Public Works	40,185,783	31,011,124	39,605,730	56,597,207	80,325,185	92,740,984	75,871,851	59,859,073	65,384,300	56,530,661
Health and Welfare	11,112,177	12,879,164	13,211,079	16,552,891	7,903,090	7,173,509	7,455,826	6,509,931	6,436,270	6,919,984
Economic Development	1,324,790	3,228,377	858,483	6,078,107	1,457,107	4,314,493	1,699,728	1,832,505	2,746,640	6,497,323
Culture and Recreation	21,307,239	53,822,207	48,254,152	41,390,976	38,886,387	30,820,517	26,936,941	36,353,141	35,231,789	35,967,005
Education	5,137,843	5,325,300	5,651,921	5,719,553	5,884,830	6,642,621	10,033,030	17,089,466	6,103,436	6,666,389
Interest and Fiscal Charges	9,311,104	18,461,680	20,934,569	21,109,522	20,739,273	26,019,356	24,988,554	24,296,503	26,245,946	24,237,970
Total Governmental Activities Expenses	<u>239,742,540</u>	<u>291,935,239</u>	<u>293,127,407</u>	<u>301,924,230</u>	<u>319,496,257</u>	<u>340,948,578</u>	<u>332,936,424</u>	<u>345,900,839</u>	<u>347,960,013</u>	<u>347,960,913</u>
Business-Type Activities:										
DOADAS	8,984,048	9,348,853	8,976,846	8,407,723	7,802,742	7,760,727	7,691,351	7,648,298	7,934,733	9,388,170
E 911 Communications	984,112	1,015,968	1,096,409	1,199,876	1,564,753	1,616,207	2,083,438	1,894,982	2,729,556	2,715,095
Environmental Management	30,229,939	39,064,678	43,209,125	33,738,089	19,920,437	21,278,034	24,543,597	25,029,815	23,053,431	27,114,755
Parking Garages	1,753,719	2,008,395	2,149,055	1,969,322	1,967,543	1,974,977	2,067,862	2,056,808	2,036,470	2,426,875
Public Safety Systems	-	-	-	-	-	-	-	422,102	379,728	441,029
Radio Communications	1,800,430	1,973,647	2,153,163	2,226,905	2,226,407	2,469,246	3,058,029	3,292,487	3,351,391	3,680,827
Revenue Collections	-	1,724,477	1,641,615	1,721,430	1,483,346	1,320,851	1,364,203	1,357,247	1,331,530	1,783,500
Total Business-Type Activities Expenses	<u>43,752,248</u>	<u>55,136,018</u>	<u>59,226,213</u>	<u>49,263,345</u>	<u>34,965,228</u>	<u>36,420,042</u>	<u>40,808,480</u>	<u>41,701,739</u>	<u>40,816,839</u>	<u>47,550,251</u>
Total Primary Government Expenses	<u>\$ 283,494,788</u>	<u>\$ 347,071,257</u>	<u>\$ 352,353,620</u>	<u>\$ 351,187,575</u>	<u>\$ 354,461,485</u>	<u>\$ 377,368,620</u>	<u>\$ 373,744,904</u>	<u>\$ 387,602,578</u>	<u>\$ 388,776,852</u>	<u>\$ 395,511,164</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 18,098,660	\$ 16,034,883	\$ 10,852,721	\$ 9,697,135	\$ 13,632,343	\$ 9,999,742	\$ 16,937,093	\$ 14,623,436	\$ 12,978,933	\$ 14,348,875
Public Safety	6,622,976	11,396,678	11,079,419	11,478,288	19,420,040	12,539,246	16,546,185	18,145,233	18,289,146	19,613,268
Judicial	7,641,424	8,319,231	9,285,809	8,892,660	8,379,703	7,738,371	8,442,110	8,735,792	11,445,329	10,614,833
Public Works	1,927,468	4,941,336	4,123,329	1,939,108	1,780,797	8,821,907	1,767,564	2,598,661	3,314,996	2,412,257
Health and Welfare	4,930,221	612,029	476,756	412,732	233,266	250,352	309,820	189,629	148,364	351,291
Economic Development	-	-	-	-	-	-	-	-	-	2,970
Culture and Recreation	179,007	4,003,383	1,767,195	912,786	882,902	511,170	4,721,867	149,356	1,280,708	262,812
Operating Grants and Contributions	18,216,119	20,814,984	18,703,242	29,232,648	15,639,213	25,771,280	22,966,436	22,230,605	26,992,255	32,292,174
Capital Grants and Contributions	-	-	-	-	396,000	2,620,425	-	-	-	-
Total Governmental Activities Program Revenues	<u>57,615,875</u>	<u>66,122,524</u>	<u>56,288,471</u>	<u>62,565,357</u>	<u>60,364,264</u>	<u>68,252,493</u>	<u>71,691,075</u>	<u>66,672,712</u>	<u>74,449,731</u>	<u>79,898,480</u>

(CONTINUED)

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges for Services:										
DAODAS	\$ 6,361,075	\$ 4,475,009	\$ 4,700,331	\$ 6,124,605	\$ 5,095,135	\$ 5,916,198	\$ 6,230,481	\$ 6,780,014	\$ 6,717,861	\$ 6,506,701
E 911 Communications	1,379,569	1,365,183	1,429,854	2,070,562	1,690,605	1,747,860	2,244,167	1,842,270	1,695,333	2,382,138
Environmental Management	37,594,483	43,770,682	38,969,998	30,790,268	27,092,882	29,223,218	28,784,638	29,038,354	28,753,577	28,437,927
Parking Garages	2,424,078	2,501,491	2,698,693	2,556,854	2,807,563	2,902,769	3,245,683	3,467,727	3,630,944	3,634,145
Public Safety Systems	-	-	-	-	-	-	-	150,000	324,550	375,066
Radio Communications	107,515	525,126	1,099,255	846,525	1,137,250	1,272,530	1,543,965	1,946,124	2,034,708	2,064,604
Revenue Collections	-	1,071,795	464,550	528,649	497,742	629,551	490,052	765,637	467,233	586,530
Operating Grants and Contributions	979,399	3,081,039	2,661,638	284,416	768,317	779,097	765,244	977,744	2,529,772	1,116,139
Capital Grants and Contributions	1,240	-	-	-	-	-	-	-	-	-
Total Business-type Activities Program Revenues	<u>48,847,359</u>	<u>56,790,325</u>	<u>52,024,319</u>	<u>43,201,879</u>	<u>39,089,494</u>	<u>42,471,223</u>	<u>43,304,230</u>	<u>44,967,870</u>	<u>46,153,978</u>	<u>45,103,250</u>
Total Primary Government Program Revenues	<u>\$ 106,463,234</u>	<u>\$ 122,912,849</u>	<u>\$ 108,312,790</u>	<u>\$ 105,767,236</u>	<u>\$ 99,453,758</u>	<u>\$ 110,723,716</u>	<u>\$ 114,995,305</u>	<u>\$ 111,640,582</u>	<u>\$ 120,603,709</u>	<u>\$ 125,001,730</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (182,126,665)	\$ (225,812,715)	\$ (236,838,936)	\$ (239,358,873)	\$ (259,131,993)	\$ (272,696,085)	\$ (261,245,349)	\$ (279,228,127)	\$ (273,510,282)	\$ (268,062,433)
Business-type Activities	5,095,111	1,654,307	(7,201,894)	(6,061,466)	4,124,266	6,051,181	2,495,750	3,266,131	5,337,139	(2,447,001)
Total Primary Government Net (Expense)/Revenue	<u>\$ (177,031,554)</u>	<u>\$ (224,158,408)</u>	<u>\$ (244,040,830)</u>	<u>\$ (245,420,339)</u>	<u>\$ (255,007,727)</u>	<u>\$ (266,644,904)</u>	<u>\$ (258,749,599)</u>	<u>\$ (275,961,996)</u>	<u>\$ (268,173,143)</u>	<u>\$ (270,509,434)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax	\$ 82,289,668	\$ 86,507,891	\$ 96,621,772	\$ 104,955,894	\$ 106,384,010	\$ 107,176,522	\$ 105,803,544	\$ 116,097,868	\$ 120,789,785	\$ 142,717,885
Local Option Sales Tax	44,024,396	44,458,297	41,085,569	39,955,809	41,340,224	46,044,345	47,280,580	51,409,611	54,628,245	57,932,479
Transportation Sales Tax	39,521,307	40,097,074	37,469,812	36,292,922	37,930,907	40,672,545	42,527,427	46,683,572	49,707,277	52,922,363
Accommodations Tax	9,176,823	9,872,302	8,864,365	8,851,895	9,927,318	11,010,862	11,987,748	13,425,525	14,750,760	15,699,420
Franchise Tax	538,048	955,712	793,067	825,465	578,864	754,091	791,536	771,276	826,616	876,716
Alcohol Beverage Tax	-	-	-	-	-	-	-	-	84,900	-
Merchants Inventory Tax and Manufacture's Depreciation	1,632,214	1,611,561	1,607,308	1,385,891	1,440,092	1,395,507	1,402,584	1,435,762	1,471,286	1,512,202
Motor Carrier Tax	129,110	140,426	138,236	120,432	111,247	92,429	105,961	115,352	145,831	145,810
Homestead Exemption	-	-	-	-	-	-	-	2,264,775	2,374,258	2,593,876
Unrestricted State Aid to Political Subdivisions	16,098,226	17,864,865	17,036,681	14,223,422	12,111,216	10,779,692	12,882,676	12,936,633	13,151,306	12,985,557
Unrestricted Investment Earnings	5,421,959	3,749,245	1,173,784	1,318,508	837,142	1,276,697	769,780	1,293,748	1,200,970	1,180,393
Gain on Sale of Capital Assets	-	-	-	-	-	239,152	-	-	-	313,118
Transfers	(5,052,023)	(3,881,034)	(4,337,551)	(4,493,248)	(2,322,103)	(3,054,286)	(196,329)	(2,507,996)	(1,436,924)	(2,294,434)
Total Governmental Activities	<u>193,779,728</u>	<u>201,376,339</u>	<u>200,453,043</u>	<u>203,436,990</u>	<u>208,338,917</u>	<u>216,387,556</u>	<u>223,355,507</u>	<u>243,926,126</u>	<u>257,694,310</u>	<u>286,585,385</u>

(CONTINUED)

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Alcoholic Beverage Tax	\$ 505,366	\$ 542,927	\$ 542,927	\$ 542,927	\$ 537,486	\$ 594,682	\$ 469,405	\$ 532,043	\$ 537,916	\$ 697,064
Merchants Inventory tax and Manufacture's Depreciation	10,832	10,832	10,832	10,832	10,832	10,832	10,832	10,832	10,832	10,832
Unrestricted Investment Earnings	3,368,608	2,446,082	747,835	102,188	85,303	31,880	34,210	22,615	132,021	301,223
Gain on Sale of Capital Assets	94,940	65,886	45,467	45,525	18,643	189,208	19,902	5,226	85,328	13,658
Transfers	5,052,023	3,881,034	4,337,551	4,493,248	2,322,103	3,054,286	196,329	2,507,996	1,436,924	2,294,434
Total Business-type Activities	9,031,769	6,946,761	5,684,612	5,194,720	2,974,367	3,880,888	730,678	3,078,712	2,203,021	3,317,211
Total Primary Government	<u>\$ 202,811,497</u>	<u>\$ 208,323,100</u>	<u>\$ 206,137,655</u>	<u>\$ 208,631,710</u>	<u>\$ 211,313,284</u>	<u>\$ 220,268,444</u>	<u>\$ 224,086,185</u>	<u>\$ 247,004,838</u>	<u>\$ 259,897,331</u>	<u>\$ 289,902,596</u>
Change in Net Position:										
Governmental Activities	\$ 11,653,063	\$ (24,436,376)	\$ (36,385,893)	\$ (35,921,883)	\$ (50,793,076)	\$ (56,308,529)	\$ (37,889,842)	\$ (35,302,001)	\$ (15,815,972)	\$ 18,522,952
Business-type Activities	14,126,880	8,601,068	(1,517,282)	(866,746)	7,098,633	9,932,069	3,226,428	6,344,843	7,540,160	870,210
Total Primary Government	<u>\$ 25,779,943</u>	<u>\$ (15,835,308)</u>	<u>\$ (37,903,175)</u>	<u>\$ (36,788,629)</u>	<u>\$ (43,694,443)</u>	<u>\$ (46,376,460)</u>	<u>\$ (34,663,414)</u>	<u>\$ (28,957,158)</u>	<u>\$ (8,275,812)</u>	<u>\$ 19,393,162</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(Modified Accrual Basis of Accounting)

UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 3,367,810	\$ 1,461,994	\$ 2,035,197	\$ 2,727,154	-	-	-	-	-	-
Unreserved	46,333,758	43,266,383	43,676,650	49,868,870	-	-	-	-	-	-
Nonspendable - inventory	-	-	-	-	1,080,137	935,078	923,453	1,282,008	1,161,306	777,478
Assigned	-	-	-	-	10,093,341	12,579,028	11,469,914	8,438,022	10,722,069	6,317,798
Unassigned	-	-	-	-	41,175,155	42,944,449	40,799,184	44,085,313	41,899,468	53,131,551
Total General Fund	<u>\$ 49,701,568</u>	<u>\$ 44,728,377</u>	<u>\$ 45,711,847</u>	<u>\$ 52,596,024</u>	<u>\$ 52,348,633</u>	<u>\$ 56,458,555</u>	<u>\$ 53,192,551</u>	<u>\$ 53,805,343</u>	<u>\$ 53,782,843</u>	<u>\$ 60,226,827</u>
All Other Governmental Funds										
Reserved:										
Inventories and Prepaid Items	\$ 11,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances	9,008,571	11,406,709	48,296,368	60,767,518	-	-	-	-	-	-
Debt Service	18,252,403	19,702,506	17,263,879	20,672,652	-	-	-	-	-	-
Capital Projects Funds	22,441,838	82,345,276	27,529,136	39,387,522	-	-	-	-	-	-
Transportation and Road Sales Tax	96,021,511	230,106,543	171,548,405	109,412,393	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	16,128,286	18,760,941	9,386,959	10,096,927	-	-	-	-	-	-
Restricted - Debt Service	-	-	-	-	19,694,980	19,122,743	17,516,049	19,938,633	17,016,973	18,084,594
Restricted - Transportation Sales Tax	-	-	-	-	90,159,784	213,333,488	168,524,165	127,241,222	73,549,795	48,244,414
Restricted - Special Source Revenue Bonds	-	-	-	-	-	-	-	-	86,213,244	80,042,831
Restricted - Special Revenue Funds	-	-	-	-	24,096,463	22,863,714	19,671,944	112,166,895	23,900,941	34,213,307
Committed - Transportation Sales Tax	-	-	-	-	-	-	-	-	25,563,498	25,448,811
Committed - Capital Project Funds	-	-	-	-	37,748,923	41,930,934	31,871,717	13,469,956	9,803,439	30,848,736
Total All Other Governmental Funds	<u>\$ 161,864,211</u>	<u>\$ 362,321,975</u>	<u>\$ 274,024,747</u>	<u>\$ 240,337,012</u>	<u>\$ 171,700,150</u>	<u>\$ 297,250,879</u>	<u>\$ 237,583,875</u>	<u>\$ 272,816,706</u>	<u>\$ 236,047,890</u>	<u>\$ 236,882,693</u>

GASB 54 was implemented fiscal year 2011; fund balance information is not available for prior fiscal years.

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes by Source:										
Property Tax	\$ 82,296,820	\$ 84,190,895	\$ 94,147,427	\$ 102,001,515	\$ 104,625,890	\$ 106,334,895	\$ 105,984,756	\$ 116,120,500	\$ 121,136,118	\$ 142,923,057
Local Option Sales Tax	44,024,396	44,458,297	41,085,569	39,955,809	41,340,224	46,044,345	47,280,580	51,409,611	54,628,245	57,932,479
Transportation Sales Tax	39,521,307	40,097,074	37,469,812	36,292,922	37,930,907	40,672,545	42,527,427	46,683,572	49,707,277	52,922,363
Intergovernmental	36,427,704	44,083,506	43,140,957	49,794,898	42,499,737	51,449,921	49,978,461	47,309,522	53,189,293	63,078,010
Permits and Licenses	5,290,740	5,700,779	4,439,742	3,985,696	3,883,031	4,215,705	4,363,426	4,170,418	4,520,556	5,221,268
Fines and Forfeitures	3,171,436	3,183,551	2,826,897	3,148,433	2,546,099	2,744,848	2,834,281	2,699,833	2,985,117	2,611,461
Interest	12,701,241	13,619,319	6,408,940	2,781,824	1,691,902	2,072,291	1,415,303	2,351,691	2,279,747	2,059,982
Service Charges	31,321,258	32,921,990	28,331,156	29,905,313	32,021,795	33,092,628	35,361,690	38,798,498	41,840,652	39,576,554
Rental and Use of Property	749,145	723,986	632,741	663,862	618,864	610,801	587,533	591,338	644,959	534,951
Other Revenues	2,912,098	5,356,322	5,695,690	6,356,037	9,838,439	5,286,895	5,138,050	7,215,910	7,667,130	6,148,891
Total Revenues	258,416,145	274,335,719	264,178,931	274,886,309	276,996,888	292,524,874	295,471,507	317,350,893	338,599,094	373,009,016
Expenditures										
Current:										
General Government	49,539,889	54,474,427	51,243,769	48,173,320	50,423,995	55,735,812	54,046,865	68,510,760	70,733,438	78,965,910
Public Safety	67,808,448	73,042,772	75,028,138	71,750,504	77,281,411	82,715,371	86,776,620	88,079,029	91,204,265	93,291,542
Judicial	19,349,156	20,946,565	23,390,831	23,894,465	23,801,633	24,845,144	25,740,844	26,391,640	26,914,469	27,517,805
Public Works	30,892,171	28,562,619	36,624,088	55,001,817	79,237,736	90,687,146	74,671,729	58,883,361	65,428,577	59,845,252
Health and Welfare	10,984,189	12,728,543	12,876,658	16,366,568	7,858,271	7,118,808	7,221,233	6,360,512	6,208,256	6,922,799
Economic Development	1,327,411	3,230,479	858,031	6,121,263	1,473,821	4,297,764	1,689,704	1,866,650	2,778,596	6,534,101
Culture and Recreation	20,501,703	53,428,524	47,899,154	42,786,960	40,394,034	33,975,501	28,348,070	38,421,593	34,799,856	35,748,837
Education	5,137,843	5,325,300	5,651,921	5,719,553	5,833,110	6,642,621	10,033,030	5,940,318	6,103,436	6,499,594
Capital Outlay	16,785,576	23,940,281	55,775,140	42,040,219	12,706,413	23,016,677	13,791,125	22,237,663	5,906,547	5,954,718
Debt Service:										
Principal	14,163,474	16,569,890	16,503,464	19,671,318	18,910,800	18,302,723	25,231,675	24,750,150	32,070,851	32,022,678
Interest and Fiscal Charges	8,906,724	15,476,402	21,410,902	20,983,775	21,716,423	25,323,973	26,881,813	24,180,295	29,635,174	28,122,893
Bond Issuance Costs	-	97,756	102,252	413,848	-	1,474,750	837,882	926,665	-	696,450
Total Expenditures	245,396,584	307,823,558	347,364,348	352,923,610	339,637,647	374,136,290	355,270,590	366,548,636	371,783,465	382,122,579
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,019,561	(33,487,839)	(83,185,417)	(78,037,301)	(62,640,759)	(81,611,416)	(57,648,783)	(49,197,743)	(33,184,371)	(9,113,563)

(CONTINUED)

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Capital Lease Proceeds	\$ 1,429,804	\$ 100,539	\$ 775,100	\$ 702,710	\$ 632,831	\$ 299,650	\$ 712,056	\$ 794,923	\$ 483,458	\$ 55,928
Special source revenue bonds issued	-	-	-	-	-	-	-	86,405,000	-	-
Sale of GO Transportation Sales Tax Bonds	-	150,000,000	-	-	-	167,000,000	-	-	-	-
Sale of General Obligation Bonds	-	75,000,000	-	50,000,000	-	27,100,000	-	-	-	20,875,000
Refunding General Obligation Bonds Issued	-	-	-	20,775,000	-	32,095,000	129,770,000	29,190,000	-	102,930,000
Premium on Bonds Sold	-	10,789,016	-	6,493,791	-	27,995,947	23,983,718	9,356,441	-	20,857,982
Payment to Refunded Debt Escrow Agent	-	-	-	(21,447,212)	-	(36,334,680)	(152,862,692)	(33,404,536)	-	(121,786,215)
Transfers In	20,464,780	30,244,272	30,727,314	29,771,504	69,527,149	33,566,665	44,932,048	54,072,724	48,959,689	54,543,159
Transfers Out	(28,357,277)	(37,208,200)	(36,161,026)	(35,529,299)	(76,474,112)	(40,697,894)	(50,147,172)	(61,470,866)	(53,082,776)	(61,492,289)
Proceeds from Sale of Capital Assets	194,554	46,780	220,347	467,250	70,524	247,378	478,115	99,828	32,684	408,784
Total Other Financing Sources (Uses)	(6,268,139)	228,972,407	(4,438,265)	51,233,744	(6,243,608)	211,272,066	(3,133,927)	85,043,514	(3,606,945)	16,392,349
 Net Change in Fund Balances	 \$ 6,751,422	 \$ 195,484,568	 \$ (87,623,682)	 \$ (26,803,557)	 \$ (68,884,367)	 \$ 129,660,650	 \$ (60,782,710)	 \$ 35,845,771	 \$ (36,791,316)	 \$ 7,278,786
 Capital Asset Expenditures	 \$ 15,664,602	 \$ 21,139,930	 \$ 52,710,904	 \$ 42,611,071	 \$ 14,204,807	 \$ 28,282,000	 \$ 17,270,045	 \$ 14,192,041	 \$ 17,388,612	 \$ 14,702,127
Debt Service as a										
Percentage of Noncapital Expenditures	10.0%	11.2%	12.9%	13.1%	12.5%	12.6%	15.4%	13.9%	17.4%	16.4%

COUNTY OF CHARLESTON, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

Fiscal Year Ended June 30	Real Property	Personal Property	Vehicles	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Actual Tax Value
2007	2,308,701,112	210,195,223	159,335,124	2,678,231,459	160.8	49,446,157,317	5.42%
2008	2,525,310,042	215,663,434	175,326,815	2,916,300,291	168.0	52,960,945,426	5.51%
2009	2,567,170,930	225,355,873	167,364,803	2,959,891,606	177.0	55,081,538,273	5.37%
2010	2,530,782,359	236,859,543	156,340,695	2,923,982,597	181.0	54,571,987,194	5.36%
2011	2,729,144,416	234,746,374	155,001,548	3,118,892,338	181.0	58,181,179,259	5.36%
2012	2,748,065,264	241,398,440	141,452,040	3,130,915,744	179.5	58,596,835,791	5.34%
2013	2,834,713,312	236,854,152	168,553,108	3,240,120,572	180.3	60,515,482,331	5.35%
2014	2,817,056,508	227,202,178	190,025,685	3,234,284,371	181.1	60,729,353,205	5.33%
2015	3,008,285,095	270,073,540	199,568,161	3,477,926,796	181.6	65,179,532,446	5.34%
2016	3,104,605,470	286,745,278	223,296,129	3,614,646,877	186.0	67,532,114,630	5.35%

Source: Charleston County Auditor

Note: 1 Property in the county was last reassessed for fiscal year 2010. Tax rates are per \$1,000 of assessed value.

Note: 2 For FY 1989, the State passed legislation that exempted business inventory from property tax. The assessed value of the exempted inventory for FY 1990 was approximately \$209,000,000. In place of the property tax, the State now pays the County, through State shared revenues the amount of tax that was received in FY 1988. This amount is frozen for all future years at the FY 1988 level.

Note: 3 Under SC Law all real property is appraised at actual market value then adjusted to reflect the county-wide composite average of appraised value to sales for the prior year, to arrive at assessed value. This value of both real estate and personal property is then adjusted to a taxable value between 4 percent and 10.5 percent depending on the type of property. This is used to determine the legal debt margin.

COUNTY OF CHARLESTON, SOUTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Rate per \$1,000 of Assessed Value)

UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
County Direct Rates:										
Charleston County Government Operating	40.2	40.2	40.2	40.2	40.2	39.1	39.9	40.7	40.7	44.7
Charleston County Government Debt Service	6.6	6.6	6.6	6.6	6.6	6.1	6.1	6.1	6.1	6.1
Park and Recreation Commission Operating	3.5	3.5	3.6	3.7	3.7	3.6	4.0	4.1	4.1	4.3
Park and Recreation Commission Debt Service	2.1	2.1	2.0	1.9	1.9	1.8	1.4	1.3	1.3	1.3
Trident Technical College	2.0	2.0	2.0	2.0	2.0	2.4	1.9	1.9	1.9	1.9
Trident Technical College Bonds	-	-	-	-	-	-	0.5	0.5	1.0	1.0
County School Board Operating	92.8	95.4	98.7	98.7	98.7	98.6	100.5	100.5	100.5	100.7
County School Board Debt Service	13.6	18.2	23.9	27.9	27.9	27.9	26.0	26.0	26.0	26.0
Total Direct Rate	160.8	168.0	177.0	181.0	181.0	179.5	180.3	181.1	181.6	186.0
Fire District Rates:	16.7 - 40.3	12.0 - 41.5	12.0 - 42.7	12.0 - 47.7	12.0 - 48.4	11.2 - 48.6	11.2 - 51.3	11.2 - 55.3	11.2 - 57.1	12-61.6
City/Town Rates:	18.5 - 92.8	22.4 - 92.8	22.2 - 92.8	22.2 - 92.8	22.2 - 92.8	22.9 - 93.6	22.9 - 94.0	10.2 - 96.3	10.2 - 96.3	24.7-96.3
Public Service District Rates:	55.2 - 102.3	51.6 - 102.3	55.2 - 102.3	57.6 - 102.3	57.6 - 102.3	53.9 - 102.3	53.9 - 102.3	54.9 - 102.3	54.9 - 102.3	56.9-107

**COUNTY OF CHARLESTON, SOUTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016**

<u>Name of Jurisdiction</u>	<u>Net Governmental Activities Debt Outstanding</u>	<u>Percentage of Debt Applicable to this Jurisdiction</u>	<u>Jurisdiction's Share of Debt</u>
County of Charleston	<u>\$ 678,396,848</u>	100%	<u>\$ 678,396,848</u>
Overlapping:			
Park & Recreation Commission	35,192,858	100%	35,192,858
Public School Districts	<u>800,888,744</u>	<u>100%</u>	<u>800,888,744</u>
Subtotal	<u>836,081,602</u>	<u>100%</u>	<u>836,081,602</u>
Total	<u>\$ 1,514,478,450</u>	<u>100%</u>	<u>\$1,514,478,450</u>

Note: This schedule represents the debt of all county-wide jurisdictions. Individual cities and other districts within Charleston County have debt which is paid separately from their individual tax levies. These individual debts have not been included in the overlapping principal balance because the total debt differs within each individual jurisdiction.

This information was obtained from the Charleston County Treasurer's Office.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
(Modified Accrual Basis of Accounting)**

UNAUDITED

Taxpayer	Type of Business	2016		Percentage of Total Taxable Assessed Value	2007		Percentage of Total Taxable Assessed Value
		Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
SC Electric & Gas	Public Utility	\$ 65,515,570	1	1.85%	\$ 36,136,700	1	1.42%
Boeing	Manufacturing	59,171,387	2	1.67%	-	-	-
Kapstone Kraft	Manufacturing/Chemical	14,164,140	3	0.40%	18,157,805	3	0.71%
Kiawah Real Estate Co.	Real Estate	9,058,050	5	0.26%	7,581,340	4	0.30%
Bell South	Public Utility	8,062,100	4	0.23%	18,727,070	2	0.74%
Charleston/North Charleston MSA	Retail	6,494,410	6	0.18%	-	-	-
Northwood Mall CMBS	Retail	5,915,360	7	0.17%	4,897,680	8	0.19%
Tanger Properties	Retail	5,525,820	8	0.16%	-	-	-
Charleston Place LLC	Hotel	5,759,770	9	0.16%	5,380,080	6	0.21%
Berkeley Electric Co-Op	Public Utility	5,899,960	10	0.17%	5,203,040	7	0.20%
IMI Mt. Pleasant (Town Center)	Retail	-	-	-	3,953,040	9	0.16%
Cellco	Telecommunications	-	-	-	5,416,820	5	0.21%
Citadel Mall CMBS LLC	Retail	-	-	-	3,717,860	10	0.15%
Totals		<u>\$185,566,567</u>		<u>5.23%</u>	<u>\$ 100,036,755</u>		<u>4.29%</u>

Source: Charleston County Auditor

**COUNTY OF CHARLESTON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	76,026,583	76,026,583	73,199,901	96.3%	2,724,070	75,923,971	99.9%
2008	78,854,461	78,854,461	75,500,629	95.7%	3,225,954	78,726,583	99.8%
2009	82,649,921	82,649,921	77,757,867	94.1%	4,749,224	82,507,091	99.8%
2010	92,300,468	92,300,468	86,401,791	93.6%	5,991,968	92,393,759	100.1%
2011	93,003,512	93,003,513	87,880,320	94.5%	4,678,681	92,559,001	99.5%
2012	92,854,478	92,854,478	86,833,723	93.5%	5,638,409	92,472,132	99.6%
2013	91,424,352	91,424,352	86,267,951	94.4%	4,455,923	90,723,874	99.2%
2014	95,016,978	95,016,978	89,976,201	94.7%	3,429,876	93,406,077	98.3%
2015	97,657,553	97,657,553	93,450,651	95.7%	1,756,054	95,206,705	97.5%
2016	119,272,881	119,272,881	114,645,679	96.1%	2,056,824	116,702,503	97.8%

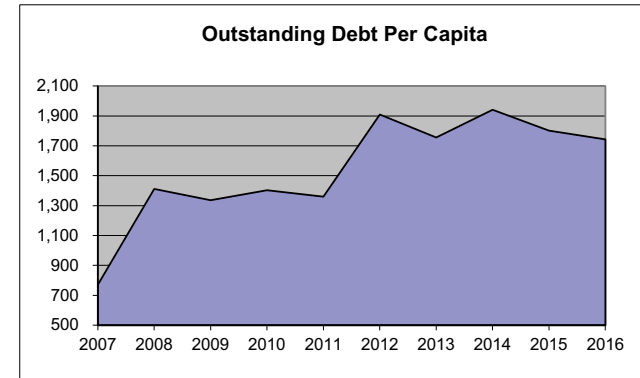
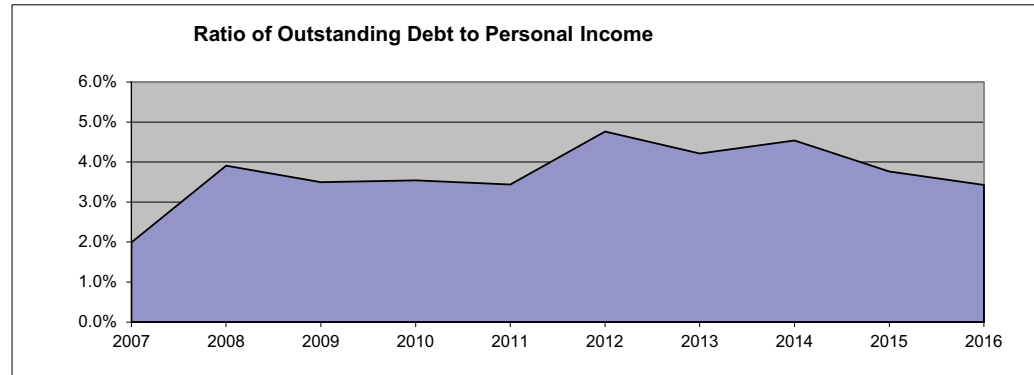
Source: This information was provided by the Charleston County Treasurer's Office.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Special Source Revenue Bonds	Intergovernmental Note Payable	Capital Leases	Certificates of Participation	Revenue Bonds			
2007	146,394,774	57,631,034	-	36,107,877	3,873,002	10,231,634	10,491,229	264,729,550	2.0%	771
2008	373,504,430	52,628,009	-	35,176,858	2,947,139	9,356,755	9,194,837	482,808,028	3.9%	1,411
2009	363,444,567	47,313,497	-	34,192,492	3,788,455	8,418,114	7,824,327	464,981,452	3.5%	1,336
2010	406,590,609	41,756,721	-	33,151,722	3,070,072	7,421,883	6,374,140	498,365,147	3.5%	1,403
2011	394,957,209	35,245,570	-	32,051,316	2,810,433	6,252,256	4,843,673	476,160,457	3.4%	1,360
2012	597,380,150	31,582,499	-	30,887,856	2,038,252	5,609,545	3,232,288	670,730,590	4.8%	1,909
2013	575,303,035	27,990,569	-	29,657,730	1,577,179	4,967,151	1,534,306	641,029,970	4.2%	1,755
2014	599,365,712	-	93,352,479	28,357,118	2,480,565	-	-	723,555,874	4.5%	1,941
2015	564,129,572	-	93,023,393	26,981,981	2,168,844	-	-	686,303,790	3.8%	1,801
2016	558,781,755	-	92,680,258	25,528,049	1,406,786	-	-	678,396,847	3.4%	1,743

See the Schedule of Demographic and Economic Statistics for personal income and population data.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF GENERAL OBLIGATION BONDED DEBT TO
ASSESSED VALUE AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

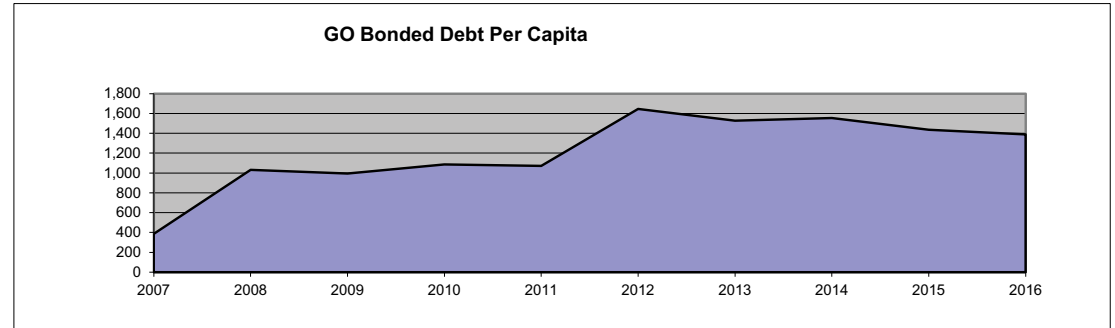
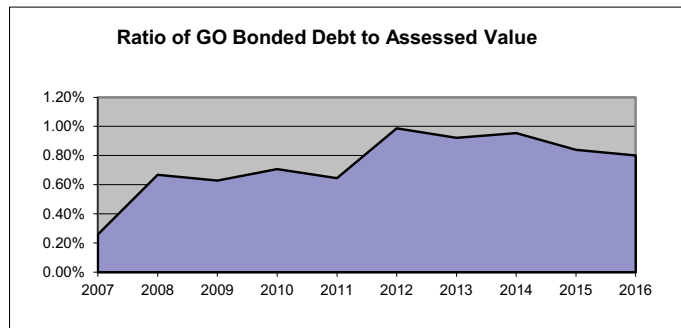
UNAUDITED

Fiscal Year	Estimated Population	Assessed Value	G.O. Bonded Debt	Amounts Restricted to Repaying Principle	Net Bonded Debt	Ratio of G.O. Bonded Debt to Assessed Value	G.O. Bonded Debt Per Capita
2007	331,917	49,446,157,317	146,394,774	18,252,403	128,142,371	0.26%	386
2008	342,973	52,960,945,426	373,504,430	19,702,506	353,801,924	0.67%	1,032
2009	348,046	55,081,538,273	363,444,567	17,263,879	346,180,688	0.63%	995
2010	355,276	54,571,987,194	406,590,609	20,672,652	385,917,957	0.71%	1,086
2011	350,209	58,181,179,259	394,957,209	19,694,980	375,262,229	0.64%	1,072
2012	351,336	58,596,835,791	597,380,150	19,122,743	578,257,407	0.99%	1,646
2013	365,162	60,515,482,331	575,303,035	17,516,049	557,786,986	0.92%	1,528
2014	372,803	60,729,353,205	599,365,712	19,938,633	579,427,079	0.95%	1,554
2015	381,015	65,179,532,466	564,129,572	17,016,973	547,112,599	0.84%	1,436
2016	389,262	67,532,114,630	558,781,755	18,084,594	540,697,161	0.80%	1,389

Note 1 Details regarding the County of Charleston's Outstanding Debt can be found in the notes to the basic financial statements.

Note 2 See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for the Property Value Data.

Note 3 See the Schedule for Demographic and Economic Statistics for population data.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF TOTAL TAX SUPPORTED DEBT TO
ASSESSED VALUE AND TOTAL TAX SUPPORTED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

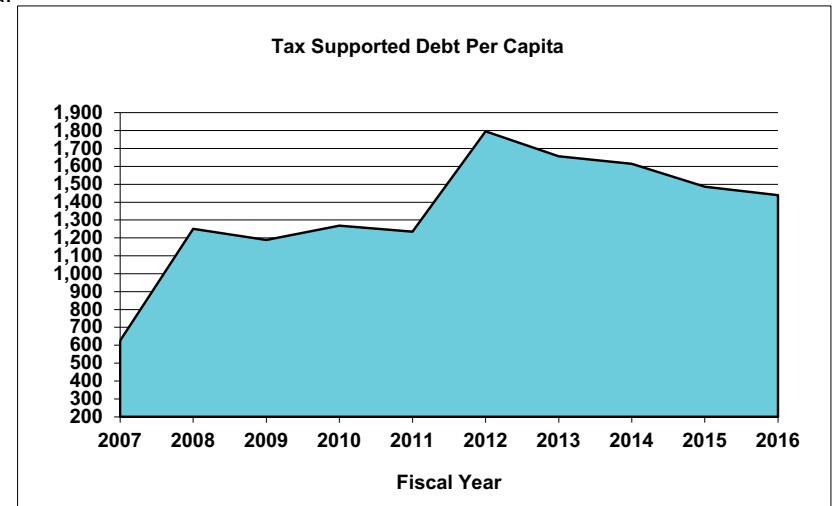
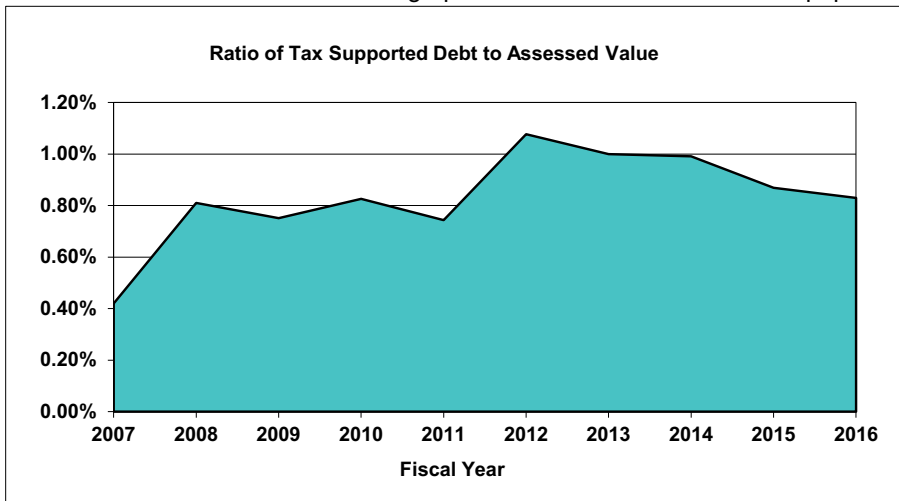
UNAUDITED

Fiscal Year	Estimated Population	Assessed Value	General Obligation Bonds	Certificates of Participation	Capital Leases	Net Tax Supported Debt	Ratio of Tax Supported Debt to Assessed Value	Net Tax Supported Debt Per Capita
2007	331,917	49,446,157,317	146,394,774	57,361,034	3,873,002	207,628,810	0.42%	626
2008	342,973	52,960,945,426	373,504,430	52,628,009	2,886,523	429,018,962	0.81%	1,251
2009	348,046	55,081,538,273	363,444,567	47,313,498	2,907,395	413,665,460	0.75%	1,189
2010	355,276	54,571,987,194	406,590,609	41,756,721	2,360,292	450,707,622	0.83%	1,269
2011	350,209	58,181,179,259	394,957,209	35,245,570	2,283,608	432,486,387	0.74%	1,235
2012	351,336	58,596,835,791	597,380,150	31,582,499	2,038,252	631,000,901	1.08%	1,796
2013	365,162	60,515,482,331	575,303,035	27,990,569	1,577,179	604,870,783	1.00%	1,656
2014	372,803	60,729,353,205	599,365,712	-	2,480,565	601,846,277	0.99%	1,614
2015	381,015	65,179,532,446	564,129,572	-	2,168,844	566,298,416	0.87%	1,486
2016	389,262	67,532,114,630	558,781,755	-	1,406,786	560,188,541	0.83%	1,439

Note 1 Details regarding the County of Charleston's Outstanding Debt can be found in the notes to the basic financial statements.

Note 2 See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for the Property Value Data.

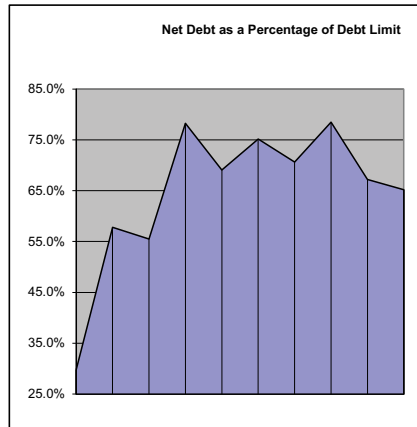
Note 3 See the Schedule for Demographic and Economic Statistics for population data.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 216,723,669	\$ 235,740,344	\$ 239,227,649	\$ 235,980,407	\$ 251,666,874	\$ 257,590,000	\$ 265,880,783	\$ 267,120,722	\$ 286,233,641	\$ 296,951,745
Total Net Debt Applicable to Debt Limit	64,575,697	136,260,341	132,862,801	184,650,000	173,825,000	193,600,000	187,795,000	209,625,000	192,370,000	193,570,000
Legal Debt Margin	\$ 152,147,972	\$ 99,480,003	\$ 106,364,848	\$ 51,330,407	\$ 77,841,874	\$ 63,990,000	\$ 78,085,783	\$ 57,495,722	\$ 93,863,641	\$ 103,381,745
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	29.8%	57.8%	55.5%	78.2%	69.1%	75.2%	70.6%	78.5%	67.2%	65.2%



Legal Debt Margin Calculation for Fiscal Year 2016

Total Assessed Value	\$ 3,711,896,813
Debt Limit (8% of Total Assessed Value)	296,951,745
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	501,115,000
Less: Debt Issued Through Referendum	(307,545,000)
Total Amount of Debt Applicable to Debt Limit	<u>193,570,000</u>
Legal Debt Margin	<u>\$ 103,381,745</u>

Note: Article Ten X, Section fourteen (14) of the South Carolina Constitution of December 1, 1977, as amended, provides that no government shall incur any bonded debt which shall exceed eight percent of the assessed value of the property therein without voter approval.

COUNTY OF CHARLESTON, SOUTH CAROLINA
Collected Pledged FILOT Revenues

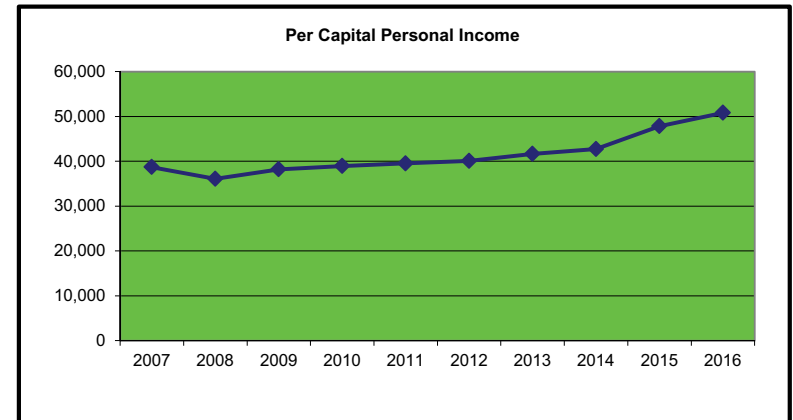
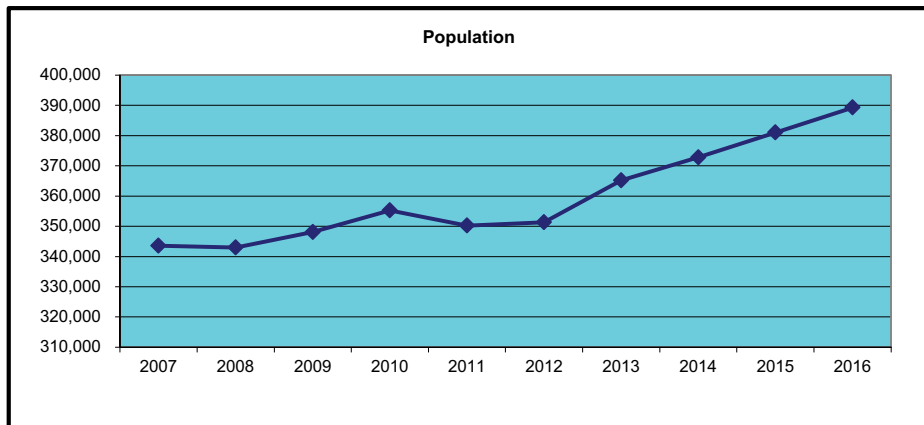
Fiscal Year		Derived from
Ended		Fee Agreements (1)
June 30		
2008	\$	6,668,553
2009		7,978,100
2010		7,358,041
2011		10,389,121
2012		11,423,756
2013		12,178,308
2014		12,316,021
2015		14,899,943
2016		15,441,472

(1) In addition to the Fee Agreements between the County and certain industries as described at "Pledged Revenues" herein, other industries are deemed located in the Multi-County Park for the purpose of receiving State Jobs Tax Credits and State Job Development Credits. Such properties are included in the Multi-County Park for substantially shorter periods of time and may be removed therefrom under certain circumstances at the option of the industry. FILOT Revenues from such industries, and which constitute Pledged FILOT Revenues, are not derived from Fee Agreements and therefore are not reflected in the above table.

**COUNTY OF CHARLESTON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Median Age	School Enrollment
2007	343,522	13,295,048,000	38,702	5.0%	36.0	42,742
2008	342,973	12,380,254,000	36,097	4.5%	36.0	42,303
2009	348,046	13,295,048,000	38,199	5.3%	36.0	42,482
2010	355,276	13,844,611,000	38,969	8.6%	36.9	42,942
2011	350,209	13,845,863,000	39,536	9.4%	36.0	43,796
2012	351,336	14,079,924,000	40,075	7.8%	35.0	45,076
2013	365,162	14,900,450,000	41,656	7.2%	35.7	45,278
2014	372,803	15,936,532,000	42,748	6.3%	35.7	46,148
2015	381,015	18,228,802,000	47,843	5.1%	35.8	44,995
2016	389,262	19,789,441,000	50,838	4.8%	35.8	46,258



The following Data Sources were used to develop this information:

South Carolina Office of Research and Statistics
Charleston County Chamber of Commerce
Charleston County School District - 45 Day Enrollment
South Carolina Association of Counties

**COUNTY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

UNAUDITED

County Employment for 2016 **187,379**
County Employment for 2007 **159,669**

Employer	2016			2007		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Joint Base Charleston	22,000	1	11.74%			
Medical University of South Carolina (MUSC)	13,000	2	6.94%	7,550	1	4.73%
Boeing Charleston	8,200	3	4.38%			
Charleston County School District	6,500	4	3.47%	5,400	3	3.38%
Roper St. Francis Healthcare	5,500	5	2.94%	3,400	4	2.13%
County of Charleston	2,400	6	1.28%	2,100	6	1.32%
Wal-Mart	2,300	7	1.23%			
College of Charleston	2,200	8	1.17%	1,200	10	0.75%
City of Charleston	1,700	9	0.91%	1,700	7	1.06%
Kiawah Island Golf Resort/The Sanctuary	1,500	10	0.80%			
Piggly Wiggly Carolina Co. Inc.				2,500	5	1.57%
Mead Westvaco				1,600	8	1.00%
US Navy ¹						
Charleston Air Force Base ¹				6,150	2	3.85%
Bi-Lo Stores				1,350	9	0.85%
Totals	<u>65,300</u>		<u>23.11%</u>	<u>31,600</u>		<u>19.79%</u>

¹ In 2010 all military installations were combined to form Joint Base Charleston

Source: Charleston Metro Chamber of Commerce, Center for Business Research.

COUNTY OF CHARLESTON, SOUTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

UNAUDITED

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Administrator	7.00	7.00	6.31	5.31	6.80	5.90	5.90	7.80	7.80	8.80
Assessor	47.00	49.00	53.00	51.00	53.00	53.00	53.00	55.00	58.00	60.00
Auditor	29.00	29.00	30.00	29.00	31.00	31.00	31.00	31.00	31.00	31.00
Budget	8.00	8.00	8.00	7.00	8.00	7.00	7.00	8.00	8.00	8.00
County Council	11.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00	12.00	12.00
Community Development	9.75	9.75	8.75	8.15	7.40	6.40	6.40	6.40	4.40	4.50
Deputy Admin for Finance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Deputy Admin for General Svcs	-	-	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Deputy Admin for Human Svcs	3.00	3.00	3.00	3.00	4.00	3.00	3.00	3.00	3.00	3.00
Elections/Voter Registration	10.00	10.00	10.00	10.00	10.00	10.00	10.00	14.00	14.00	14.00
Facilities Management	16.00	14.00	12.00	11.00	62.00	75.25	75.25	95.00	104.00	106.00
Finance	14.00	14.00	15.00	13.00	13.00	12.00	12.00	11.00	12.00	12.00
Fleet Management	-	-	-	-	-	-	-	26.50	27.00	29.00
Human Resources	14.00	14.00	17.00	15.00	16.00	17.00	17.00	17.00	17.00	18.00
Internal Auditor	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Internal Services	68.60	68.60	67.80	61.80	60.00	30.50	30.50	6.50	-	-
Legal	6.56	6.42	8.42	7.42	6.67	6.41	6.41	7.11	7.41	7.11
Legislative Delegation	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Minority Business Development	-	-	-	-	-	-	-	-	3.00	-
Nondepartmental	-	-	-	-	-	-	-	-	-	1.00
Organization Development	4.00	4.00	4.35	3.35	-	-	-	-	-	-
Procurement Services	16.00	16.00	16.00	15.00	14.00	14.00	14.00	15.00	15.00	19.00
Radio Communications	-	-	-	-	-	-	-	-	-	-
Register Mesne Conveyance	33.00	33.00	32.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
Revenue Collections	6.00	22.00	22.00	22.00	30.00	25.00	25.00	26.00	26.00	26.00
Safety & Risk Management	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Technology Services	17.00	17.00	17.00	16.00	16.00	25.25	25.25	25.00	25.00	28.00
Treasurer	18.00	18.00	18.00	18.00	19.00	20.00	20.00	22.00	23.00	23.00
Zoning/Planning	24.00	24.00	24.00	22.00	21.00	20.60	20.60	21.20	22.20	24.20
Total General Government	376.91	392.77	402.63	375.03	432.87	418.31	418.31	453.51	463.81	478.61

(CONTINUED)

COUNTY OF CHARLESTON, SOUTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

UNAUDITED

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Building Inspections	22.00	22.00	24.00	21.00	22.00	21.00	21.00	23.00	23.00	25.00
Consolidated Dispatch	-	-	1.00	72.50	100.25	120.00	120.00	160.00	160.00	164.00
Emergency Management	27.00	30.00	30.00	24.50	34.00	33.00	33.00	34.00	34.00	35.01
Emergency Medical Svcs.	174.00	174.00	165.00	139.50	134.00	151.50	151.50	167.50	218.50	218.50
Planning	1.00	2.00	-	-	-	-	-	-	-	-
Sheriff	780.31	792.31	808.11	834.11	828.74	836.74	836.74	835.74	860.74	862.74
Technology Services	-	-	2.00	2.00	-	-	-	1.00	-	-
Total Public Safety	<u>1,004.31</u>	<u>1,020.31</u>	<u>1,030.11</u>	<u>1,093.61</u>	<u>1,118.99</u>	<u>1,162.24</u>	<u>1,162.24</u>	<u>1,221.24</u>	<u>1,296.24</u>	<u>1,305.25</u>
Judicial										
Clerk of Court	54.00	54.00	54.00	55.00	56.00	57.00	57.00	57.00	57.00	57.00
Coroner	6.00	7.00	8.00	8.00	8.00	9.00	9.00	11.00	12.00	12.00
Magistrates Courts	70.41	70.41	69.41	68.39	68.13	68.63	68.63	71.63	70.70	71.01
Master-In-Equity	6.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00
Probate Courts	19.30	20.30	20.30	19.30	19.30	19.80	19.80	20.80	21.80	21.80
Public Defender	-	-	52.00	52.00	52.00	52.00	52.00	54.00	54.00	55.00
Solicitor	88.00	91.00	93.00	96.00	111.00	102.00	102.00	102.00	101.70	107.00
Total Judicial	<u>243.71</u>	<u>249.71</u>	<u>303.71</u>	<u>305.69</u>	<u>321.43</u>	<u>315.43</u>	<u>315.43</u>	<u>324.43</u>	<u>325.20</u>	<u>331.81</u>
Public Works										
Environmental Management	126.00	128.00	127.00	134.20	132.26	130.40	130.40	123.80	114.80	113.80
Procurement Services	-	-	-	-	2.00	3.00	3.00	3.00	3.00	-
Public Works	168.00	176.00	164.00	150.00	138.02	136.00	136.00	162.10	162.10	175.10
Transportation Development	-	-	-	-	21.63	21.41	21.41	23.11	23.21	25.21
Total Public Works	<u>294.00</u>	<u>304.00</u>	<u>291.00</u>	<u>284.20</u>	<u>293.91</u>	<u>290.81</u>	<u>290.81</u>	<u>312.01</u>	<u>303.11</u>	<u>314.11</u>

(CONTINUED)

COUNTY OF CHARLESTON, SOUTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

UNAUDITED

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Health and Welfare										
Facilities	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Copmmunity Development	26.25	36.25	33.25	33.85	5.60	5.60	5.60	5.60	5.60	5.50
DAODAS	133.00	137.00	129.00	111.00	107.00	102.00	102.00	115.00	115.00	115.00
Public Works	23.00	23.00	24.00	20.00	20.00	20.00	20.00	28.00	28.00	28.00
Veterans Affairs	3.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Total Health and Welfare	<u>187.25</u>	<u>202.25</u>	<u>192.25</u>	<u>170.85</u>	<u>138.60</u>	<u>132.60</u>	<u>132.60</u>	<u>154.60</u>	<u>154.60</u>	<u>154.50</u>
Culture and Recreation										
Assist Admin for Transportation & Emergency Management	-	-	2.00	1.80	-	-	-	-	-	-
Greenbelt	-	-	-	-	2.00	1.30	1.30	1.30	1.20	1.20
Planning	1.00	1.00	-	-	-	-	-	-	-	-
Revenue Collections	3.00	-	-	-	-	-	-	-	-	-
Total Culture and Recreation	<u>1.00</u>	<u>1.00</u>	<u>2.00</u>	<u>1.80</u>	<u>2.00</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.20</u>	<u>1.20</u>
Economic Development	<u>2.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>10.00</u>	<u>10.00</u>
Total Economic Development	<u>2.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>10.00</u>	<u>10.00</u>
 Total	 <u>2,109.18</u>	 <u>2,173.04</u>	 <u>2,224.70</u>	 <u>2,234.18</u>	 <u>2,312.80</u>	 <u>2,325.69</u>	 <u>2,325.69</u>	 <u>2,472.09</u>	 <u>2,554.16</u>	 <u>2,595.48</u>

Source: Charleston County Budget Department

Note: 1 Includes the Authorized Full Time Employees for both Government and Business-type Activities

**COUNTY OF CHARLESTON, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

UNAUDITED

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Auditor - Tax Notices Processed	590,283	521,701	550,000	575,000	585,470	583,240	560,097	651,050	586,801	622,507
RMC Documents Recorded	133,772	116,770	84,711	90,890	87,894	97,137	116,435	106,096	109,245	99,681
Zoning Applications Processed	3,336	3,266	2,846	2,500	1,206	1,327	2,864	³ 1,957	1,610	1,714
Illegal Businesses Located	278	346	86	117	172	154	165	175	50	50
Public Safety										
Building Inspections Performed	23,702	22,519	15,472	12,577	17,634	19,400	20,804	19,054	21,410	22,927
Bad Check Warrants Served	6,124	6,194	6,594	9,107	¹ 0	¹ 0	6,078	6,702	1,792	8
Daily Costs Per Prisoner	40	55	55	55	55	55	55	55	55	55
Judicial										
Marriage Licenses Issued	3,877	3,769	3,846	3,764	4,000	4,200	4,500	4,600	5,026	5,273
Master-in-Equity Cases Disposed of	998	1,390	2,227	3,560	3,459	2,063	1,736	1,481	1,675	1,047
Health and Welfare										
Veterans Claims Filed	9,215	9,215	10,254	10,688	522	2,871	3,388	8,681	8,238	867
Economic Development										
Number of New Companies Relocating to Charleston	1	4	0	1	3	3	2	4	4	3
Number of New Jobs From Relocating Companies	25	390	0	30	120	360	203	348	188	782
Number of Expanding Employers in Charleston	3	1	3	3	4	5	7	3	5	2
Number of Jobs Resulting from Expansion	268	30	320	4,275	323	492	2,226	114	1,627	350
Culture & Recreation										
Library Visits Per Capita	6.38	6.66	6.99	7.01	6.05	5.54	5.45	5.24	5.01	4.89
Library Cards In Use	329,189	355,481	310,417	326,600	² 284,617	² 269,552	284,328	264,289	264,113	262,034
Environmental Management										
Total Tons of Incinerated Waste	227,514	211,907	188,626	69,215	n/a	n/a	n/a	n/a	n/a	n/a
Parking Garages										
Average Operating Revenue Per Space	1,777	1,913	2,114	2,043	2,287	2,264	2,463	2,732	3,039	2,973
Average Operating Expenditure Per Space	1,115	984	1,852	1,179	1,742	1,683	1,585	1,330	1,441	1,311

Sources: Charleston County Budget Performance Measures

¹ The Sheriff's Office did not perform this function in 2011 and 2012. No indicators available.

² Library system was purged of old unused accounts in 2012.

³ Beginning in FY 2014, this department no longer processed building permits that do not require a zoning permit. Building Inspections began processing these permits exclusively.

**COUNTY OF CHARLESTON
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS**

UNAUDITED

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Automobiles	84	91	80	79	92	118	114	110	102	129
Buildings	28	44	97	99	104	102	104	104	111	112
Public Safety										
Police Cars	325	316	332	324	336	333	351	355	360	374
Fire Trucks	11	11	10	10	10	10	11	10	13	13
Ambulances	24	28	22	23	24	25	30	31	24	40
Judicial										
Magistrate Courts	15	15	15	15	15	15	15	15	13	13
Public Works										
Paved Streets (in Miles)	132	129	128	129	129	131	131	131	132	133
Ground Equipment	51	62	60	65	67	69	68	66	66	65
Heavy Trucks	29	35	35	35	35	34	34	37	37	39
Environmental Management										
Collection/Refuse Trucks	37	45	44	48	44	47	59	57	59	58
Ground Equipment	19	24	26	25	26	27	30	30	27	30
Culture & Recreation										
Libraries, Main and Branches	16	16	16	11	11	11	11	11	11	11

Note 1. Town of James Island was created in 2007 creating a decrease in county owned infrastructure.

Note 2. Some indicators have been added through the years.

Note 3. There was a review of buildings in fiscal year 2008 that reorganized the buildings and assigned more to the general government.

Note 4. Charleston County owns 11 libraries and leases 5 libraries.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
FINANCIAL ASSURANCE COVERAGE
MUNICIPAL SOLID WASTE LANDFILL FACILITIES**

LOCAL GOVERNMENT FINANCIAL TEST:

1. Financial component:

- A. Bond rating requirement: Investment grade bond rating of no less than BBB.
The County's current general obligation bond ratings are:

Moody's Investors Service	Aaa
Standard & Poors Rating Service	AAA
Fitch Ratings	AAA

- B. Financial ratio alternative:

The prescribed financial ratios computed under GAAP are:

1. Ratio of cash and marketable securities to total expenditures - Primary Government

Cash and cash equivalents	\$ 119,803,603	
Total expenditures	\$ 499,325,193	
Requirement is no less than 5 percent		<u>23.99%</u>

2. Ratio of annual debt service expenditures - Primary Government

Total debt service expenditures	\$ 61,170,381	
Total expenditures	\$ 499,325,193	
Requirement is no more than 20 percent		<u>12.25%</u>

2. Financial assurance limitation test:

Financial assurance limitation under financial test:

Total Revenue - Primary Government	\$ 483,991,156	
Maximum percent of revenue eligible for self-insured local government financial test		<u>43%</u>
Limitation on deferred cost of closure		\$ 208,116,197

Total estimated closure and post-closure costs for County landfills:

Estimated costs from Note III.G. on landfill closure	\$ 47,186,485	
Less: Expenditures to date	\$ (22,373,865)	
Restricted assets committed to closure	<u>\$ (7,891,320)</u>	
Balance of closure costs being deferred		<u>\$ 16,921,300</u>
Additional permissible deferred cost		<u>\$ 191,194,897</u>

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

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SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

Following is a summary of certain provisions of the Ordinance enacted by the County Council of Charleston County, South Carolina (the "County") authorising the issuance of the Charleston County, South Carolina, General Obligation Bonds of 2017. The summary does not purport to be a full statement of the Ordinance and reference is made to the Ordinance for a full and complete statement thereof. Capitalised terms used herein and not defined herein have the meanings ascribed to them in the Ordinance unless the context hereof otherwise requires.

Registration and Transfers of Bonds; Persons Treated as Owners.

(a) Each Bond shall be fully-registered and no Bond may be transferred except by the registered owner thereof in person or by his attorney duly authorised in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorised attorney. Upon the transfer of any such registered Bond or Bonds, the County shall execute and the Authenticating Agent shall authenticate and deliver, subject to the provisions of Section 12 of Article II of the Ordinance, in the name of the transferee, a new registered Bond or Bonds of the same aggregate principal amount as the unpaid principal amount of the surrendered Bond or Bonds.

(b) Any bondholder requesting any transfer shall pay any tax or other governmental charges required to be paid with respect thereto. Any purported assignment in contravention of the foregoing requirements shall be, as to the County, absolutely null and void. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest on such Bonds shall be made only to or upon the order of the registered owner or his legal representative. All such payments shall be valid and effective to satisfy and discharge the liability of the County upon such Bond to the extent of the sum or sums so paid. No person other than the registered owner shall have any right to receive payments, pursue remedies, enforce obligations or exercise or enjoy any other rights under any Bond against the County. Notwithstanding the foregoing, nothing in the Ordinance shall limit the rights of a person having a beneficial interest in any Bonds as against a person (including the registered owner) other than the County, as in the case where the registered owner is a trustee or nominee for two or more beneficial owners of an interest in any Bond.

(c) The Bond Registrar shall not be required to exchange or transfer such Bond or portion of Bond (i) for which notice of redemption has been mailed to the registered owner thereof or (ii) for the period beginning on the Regular Record Date and ending on the next succeeding Interest Payment Date.

Mutilated, Lost, Stolen, or Destroyed Notes.

In the event of any Bond is mutilated, lost, stolen, or destroyed, the County may execute and the Authenticating Agent may authenticate a new Bond of like date, maturity, interest rate, and denomination, as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bonds, they shall first be surrendered to the Paying Agent, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the County and the Paying Agent evidence of the loss, theft, or destruction, satisfactory to the County and the Paying Agent, together with indemnity satisfactory to them, provided that in the case of a holder which is the bank or insurance company, the agreement of such bank or insurance company to indemnify shall be sufficient. In the event any such Bonds shall have matured, instead of issuing a duplicate Bond, the County may pay the same without surrender thereof. The County, the Paying Agent, and the Authenticating Agent, may charge the holder or owner of such Bond with their reasonable fees and expenses related thereto.

Exchange of Bonds.

Subject to the provisions of Section 9 of Article II of the Ordinance, the Bonds, upon surrender thereof to the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorised attorney, may, at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the Paying Agent, the Authenticating Agent, or the Bond

Registrar may make as provided in Section 12 of Article II of the Ordinance, be exchanged for a principal amount of Bonds or any other authorised denominations equal to the unpaid principal amount of surrendered Bonds.

Regulations with Respect to Exchanges and Transfers.

In all cases in which the privilege of exchanging or transferring the Bonds is exercised, the County shall execute and the Authenticating Agent shall authenticate and deliver the Bonds in accordance with the provisions of the Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Paying Agent. There shall be no charge for such exchange or transfer of the Bonds except that the Paying Agent, the Bond Registrar, and the Authenticating Agent, may make a charge sufficient to reimburse them, or any of them, for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Pledge of Full Faith, Credit, and Taxing Power; Additional Pledged Revenues.

(a) *Security for Series 2017A Bonds and Series 2017B Bonds.* For the payment of the principal of and interest on the Series 2017A Bonds and the Series 2017B Bonds as the same respectively mature, and for the creation of such Sinking Fund Account as may be necessary therefor, the full faith, credit, and taxing power, of the County are irrevocably pledged, and there shall be levied annually by the Auditor of Charleston County, and collected by the Treasurer of Charleston County, in the same manner as other County taxes are levied and collected, a tax, without limit, on all taxable property in the County, sufficient to pay the principal and interest of the Series 2017A Bonds and the Series 2017B Bonds as they respectively mature, and to create such Sinking Fund Account as may be necessary therefor.

(b) *Security for Series 2017C Bonds.* (i) For the payment of the principal of and interest on the Series 2017C Bonds as the same respectively mature, and for the creation of such Sinking Fund Account as may be necessary therefor, the full faith, credit, and taxing power, of the County are irrevocably pledged, and, subject to the provisions of subparagraph (ii) of this paragraph (b), there shall be levied annually by the Auditor of Charleston County, and collected by the Treasurer of Charleston County, in the same manner as other County taxes are levied and collected, a tax, without limit, on all taxable property in the County, sufficient to pay the principal and interest of the Series 2017C Bonds as they respectively mature, and to create such Sinking Fund Account as may be necessary therefor.

(ii) The Series 2017C Bonds shall be payable from, and additionally secured by a pledge of, the net revenues raised by the Transportation Sales Tax. Upon receipt of the net revenues of the Transportation Sales Tax from the State Treasurer, the Treasurer of Charleston County shall deposit that portion of the net revenues as directed by annual budget of the County Council into the Sinking Fund Account established for the Series 2017C Bonds and shall maintain proper books and records for an accounting thereof. To the extent the net revenues derived from the Transportation Sales Tax are or will be available and on deposit with the Treasurer of Charleston County prior to the due dates of Debt Service for any fiscal year, the County Council shall reduce the amount of taxes required to be levied and collected pursuant to the Ordinance. Such net revenues received by the Treasurer of Charleston County from the State Treasurer from the Transportation Sales Tax shall be deposited in the Sinking Fund Account and on each payment date of the Series 2017C Bonds shall be applied to pay current Debt Service due on the Series 2017C Bonds. Pending such application, moneys held in such Account shall be invested by the Treasurer of Charleston County in accordance with law. All investment earnings shall be applied to pay debt service on the Series 2017C Bonds.

(iii) The covenants and agreements herein set forth to be performed by the County shall be for the equal and proportionate benefit, security, and protection of all registered owners of the Series 2017C Bonds without preference, priority, or distinction as to payment or security or otherwise (except as to maturity) of any of the Series 2017C Bonds or any of the others for any reason or cause whatsoever, except as expressly provided herein or in the Series 2017C Bonds, and, except as aforesaid, all Bonds shall rank *pari passu* and shall be secured equally and ratably hereunder without discrimination or preference whatsoever.

(iv) The County has previously issued its Series 2006 Bonds, Series 2007 Bonds, Series 2011 Bonds, Series 2012 Bonds, the Series 2013 Bonds, and the Series 2015 Bonds which are payable from and additionally secured by a pledge of the net revenues raised by the Transportation Sales Tax which ranks *pari passu* with the

pledge securing the Series 2017C Bonds, and the Series 2011 Sales Tax Bonds (to the extent that they are not refunded by the Series 2017C Bonds but remain outstanding after issuance of the Series 2017C Bonds) and the Series 2011 Bonds, the Series 2012 Bonds, the Series 2013 Bonds, and the Series 2015 Bonds are secured equally and ratably by such pledge, without preference, priority, or distinction as to payment or security or otherwise (except as to maturity) of any of the Series 2017C Bonds authorised hereunder. The County Council expressly reserves the right to pledge net revenues derived from the Transportation Sales Tax to secure the payment of other obligations of the County, including other general obligation bonds, revenue bonds, notes, leases, or contract obligations, or similar contracts or evidences of indebtedness, and to apply such net revenues that are not required to pay current Debt Service on the Series 2017C Bonds to the costs of other Original Referendum Projects.

(v) Upon payment in full of all principal and interest due on the Series 2017C Bonds, whether at maturity or pursuant to defeasance in accordance with Article VI hereof, all funds derived from the Transportation Sales Tax held by the Charleston County Treasurer in the Sinking Fund Account shall be released from the lien and pledge in favour of the Series 2017C Bonds created hereby and shall be disbursed at the direction of the County Council to pay costs of the Original Referendum Facilities.

Levy and Collection of Property Taxes.

The Auditor and Treasurer of Charleston County, South Carolina, shall be notified of this issue of Bonds and directed to levy and collect, respectively, upon all taxable property in the County, an annual tax, without limit, sufficient to meet the payment of the principal of and interest on the Bonds, as the same respectively mature, and to create such Sinking Fund Accounts as may be necessary therefor.

Release of Ordinance.

(a) If all of the Bonds issued pursuant to the Ordinance shall have been paid and discharged, then the obligations of the County under the Ordinance, and all other rights granted thereby shall cease and determine. Bonds shall be deemed to have been paid and discharged within the meaning of Article VI of the Ordinance under each of the following circumstances:

(i) If the Paying Agent shall hold, at the stated maturities of such Bonds, in trust and irrevocably appropriated thereto, moneys for the full payment thereof; or

(ii) If default in the payment of the principal of such Bonds or the interest thereon shall have occurred, and thereafter tender of such payment shall have been made, and the Paying Agent shall hold, in trust and irrevocably appropriated thereto, sufficient moneys for the payment thereof to the date of the tender of such payment; or

(iii) If the County shall have deposited with the Paying Agent or other escrow agent, in an irrevocable trust, either moneys in an amount which shall be sufficient, or direct general obligations of the United States of America, which are not subject to redemption by the issuer prior to the date of maturity of the Bonds to be defeased, the principal of and interest on which, when due, and without reinvestment thereof, will provide moneys, which, together with the moneys, if any, deposited with the Paying Agent or other escrow agent at the same time, shall be sufficient to pay, when due, the principal, interest, and redemption premium or premiums, if any, due to become due on and prior to the maturity date or dates; or

(iv) If there shall have been deposited with the Paying Agent or other escrow agent either moneys in an amount which shall be sufficient, or direct general obligations of the United States of America the principal of and interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent or other escrow agent at the same time, shall be sufficient to pay, when due, the principal and interest due to become due on the Bonds on the maturity thereof.

(b) In addition to the above requirements of paragraphs (i), (ii), (iii), or (iv), in order for the Ordinance to be discharged, all other fees, expenses, and charges of the Fiscal Agents, have been paid in full at such time.

(c) Notwithstanding the satisfaction and discharge of the Ordinance, the Fiscal Agents shall continue to be obligated to hold in trust any moneys or investments then held by the Paying Agent for the payment of the principal of, premium, if any, and interest on, the Bonds, to pay to the owners of Bonds the funds so held by the Fiscal Agents as and when such payment becomes due.

(d) Any release under Section 1 of Article VI of the Ordinance shall be without prejudice to the rights of the Fiscal Agents to be paid reasonable compensations for all services rendered under the Ordinance and all reasonable expenses, charges and other disbursements and those of their respective attorneys, agents and employees, incurred on and about the administration of trusts by the Ordinance created and the performance of the powers and duties under the Ordinance of the Fiscal Agents.

Deposit of Moneys.

Any moneys which at any time shall be deposited with a Fiscal Agent by or on behalf of the County for the purpose of paying and discharging any Bonds shall be and are hereby assigned, transferred, and set over to the Fiscal Agent in trust for the respective holders of such Bonds, and such moneys shall be are hereby irrevocably appropriated to the payment and discharge thereof. If, through lapse of time or otherwise, the holder of such Bonds shall no longer be entitled to enforce payment of their obligations, then, in such event, it shall be the duty of the Fiscal Agent to transfer such funds to the County.

Notice of Release of Ordinance.

(a) In the event any of said Bonds are not to be redeemed within the sixty (60) days next succeeding the date the deposit required by Section 1(a)(iii) or (iv) of Article VI of the Ordinance is made, the County shall give the Fiscal Agent irrevocable instructions to mail, as soon as practicable by registered or certified mail, a notice to the owners of such Bonds at the addresses shown on the Books of Registry that (i) the deposit required by subparagraph (a)(iii) or (a)(iv) of Section 1 of Article VI of the Ordinance has been made with the Fiscal Agent, and (ii) said Bonds are deemed to have been paid in accordance with Article VI and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal of, and premium, if any, and interest on, said Bonds.

(b) The County covenants and agrees that any moneys which it shall deposit with the Fiscal Agent shall be deemed to be deposited in accordance with, and subject to, the applicable provisions of Article VI.

Amending and Supplementing of Ordinance Without Consent of Holders of Bonds.

(a) The County Council, from time to time and at any time and without the consent or concurrence of any holder of any Bond, may enact an ordinance amendatory hereof or supplemental thereto, if the provisions of such supplemental Ordinance shall not materially adversely affect the rights of the holders of the Bonds then outstanding, for any one or more of the following purposes:

1. To make any changes or corrections in the Ordinance as to which the County Council shall have been advised by counsel that the same are verbal corrections or changes or are required for the purpose of curing and correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Ordinance, or to insert in the Ordinance such provisions clarifying matters or questions arising under the Ordinance as are necessary or desirable;

2. To add additional covenants and agreements of the County for the purpose of further securing the payment of the Bonds;

3. To surrender any right, power, or privilege reserved to or conferred upon the County by the terms of the Ordinance;

4. To grant or confer upon the bondholders any additional right, remedies, powers, authority, or security that lawfully may be granted to or conferred upon them; or

5. To make such additions, deletions, or modifications as may be necessary to assure compliance with section 148(f) of the Code relating to required rebate to the United States or otherwise as may be necessary to assure the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(b) The County Council shall not enact any supplemental Ordinance authorised by the foregoing provisions of Section VII of the Ordinance unless in the opinion of counsel the enactment of such supplemental Ordinance is permitted by the foregoing provisions of Section VII of the Ordinance and the provisions of such supplemental Ordinance do not adversely affect the rights of the holders of the Bonds then outstanding.

Amending and Supplementing of Ordinance With Consent of Holders of Bonds.

(a) With the consent of the holders of not less than a majority in principal amount of the Bonds then outstanding the County Council from time to time and at any time may enact an Ordinance amendatory thereof or supplemental thereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Ordinance, or modifying or amending the rights or obligations of the County under the Ordinance, or modifying or amending in any manner the rights of the holders of the Bonds then outstanding; provided, however, that, without the specific consent of the holder of each such Bond which would be affected thereby, no supplemental Ordinance amending or supplementing the provisions thereof shall: (i) change the fixed maturity date of any Bond or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or the redemption price (or the redemption premium) payable upon the redemption or prepayment thereof; (ii) reduce the aforesaid percentage of Bonds, the holders of which are required to consent to any supplemental Ordinance amending or supplementing the provisions of the Ordinance; or (iii) give to any Bond or Bonds any preference over any other Bond or Bonds. Nothing in this paragraph contained, however, shall be construed as making necessary the approval of the holders of the Bonds of the enactment of any supplemental Ordinance authorised by the provisions of Section 1 of Article VII of the Ordinance.

(b) It shall not be necessary that the consents of the holders of the Bonds approve the particular form of the wording of the proposed amendment or supplement or of the supplemental Ordinance. The County shall mail a notice at least once, not more than thirty (30) days after the effective date of such amendment or supplement of such amendment or supplement postage prepaid, to each holder of Bonds then outstanding at his address, if any, appearing upon the Books of Registry and to the Paying Agent, but failure to mail copies of such notice to any of the holders shall not affect the validity of the supplemental Ordinance effecting such amendments or supplements or the consents thereto. Nothing in this paragraph contained, however, shall be construed as requiring the giving of notice of any amendment or supplement of the Ordinance authorised by Section 1 of Article VII of the Ordinance. No action or proceeding to set aside or invalidate such supplemental Ordinance or any of the proceedings for its enactment shall be instituted or maintained unless such action or proceeding is commenced within sixty (60) days after the mailing of the notice required by this paragraph.

Effectiveness of Supplemental Ordinance.

Upon the enactment (pursuant to Article VII of the Ordinance and applicable law) by the County Council of any supplemental Ordinance amending or supplementing the provisions of the Ordinance and the delivery to the Paying Agent and the County Council of an opinion of bond counsel that such supplemental Ordinance is in due form and has been duly enacted in accordance with the provisions hereof and applicable law and that the provisions thereof are valid and binding upon the County, or upon such later date as may be specified in such supplemental Ordinance, (a) the Ordinance and the Bonds shall be modified and amended in accordance with such supplemental Ordinance, (b) the respective rights, limitations of rights, obligation, duties, and immunities, under the Ordinance of the County, the Fiscal Agents, and the holders of the Bonds, shall thereafter be determined, exercised, and enforced, under the Ordinance subject in all respects to such modifications and amendments, and (c) all of the terms and conditions of any such supplemental Ordinance shall be a part of the terms and conditions of the Bonds and of the Ordinance for any and all purposes.

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APPENDIX C

FORMS OF BOND COUNSEL OPINIONS

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HOWELL LINKOUS & NETTLES, LLC

Bond Attorneys & Counsellors at Law

Post Office Box 1768
Charleston, South Carolina 29402
Telephone 843.266.3800
Fax 843.266.3805

The Lining House
106 Broad Street
Charleston, South Carolina 29401

Concentrating in Municipal Bonds,
Local Government Law, Economic
Development Incentives,
Affordable Housing Development

__ November 2017

Charleston County, South Carolina
Charleston, South Carolina

Re: \$_____ Charleston County, South Carolina, General Obligation Capital
Improvement Bonds, Series 2017A

Ladies and Gentlemen:

As bond counsel to Charleston County, South Carolina (the "County"), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the County of its \$_____ General Obligation Capital Improvement Bonds, Series 2017A (the "Bonds"), which are originally dated November __, 2017, are in fully-registered form, are in denominations of \$5,000, or any integral multiple thereof, and mature, in annual series or instalments, on November 1 in the years and amounts, and bear interest as follows:

Due	Principal	Interest	Due	Principal	Interest
<u>November 1</u>	<u>Amount</u>	<u>Rate</u>	<u>November 1</u>	<u>Amount</u>	<u>Rate</u>

The Bonds are subject to redemption prior to maturity upon the terms and conditions and at the prices set forth therein.

Interest on the Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2018. Principal of the Bonds is payable to the registered owners thereof, in legal tender at the corporate trust office of Wells Fargo Bank N.A. (the "Paying Agent"). Interest on the Bonds is payable by cheque or draught mailed to the registered owners by the Paying Agent.

The Bonds recite that they are issued by the County pursuant to and for the purposes authorized by the County Bond Act (Title 4, Chapter 15 of the Code of Laws of South Carolina 1976, as amended), as amended and continued by Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended (collectively, the “Bond Act”), and an Ordinance duly enacted by the County Council of Charleston County, the governing body of the County (the “Ordinance”), to provide funds for permanent financing for certain capital improvement projects, and to pay costs of issuance of the Bonds. Issuance of a portion of the Bonds (approximately \$70,000,000) was approved by the favorable results of a countywide referendum held in Charleston County on November 4, 2014, on the question of the issuance of up to \$108,500,000 general obligation bonds to fund construction and renovation of public libraries in Charleston County. The balance of the Bonds are being issued under the County’s 8% constitutional debt limit.

As to questions of fact material to our opinion, we have relied upon the Transcript of Proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

We express no opinion herein as to the accuracy, completeness, or sufficiency of the Official Statement relating to the Bonds. We refer you to our letter of even date herewith with regard to certain matters regarding the Official Statement.

Based on our examination, including the assumptions and limitations set forth herein, we are of the opinion as of the date hereof and under existing law, as follows:

1. The proceedings are regular and in due form of law and the Bonds constitute valid and binding obligations of the County, secured by an irrevocable pledge of the full faith, credit, and taxing power of the County and are payable, both principal and interest, from a direct ad valorem tax upon all taxable property in the County, without limit as to rate or amount. Provision has been made for the levy and collection of the tax to meet the payment of principal and interest on the Bonds as the same respectively mature.

2. The Bonds and the interest thereon are exempt from all state, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, except inheritance, estate, or transfer taxes, and the interest thereon (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes). Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bonds. The opinion set forth in this paragraph is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be

satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bonds to be so included in gross income retroactively to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements.

We have examined executed Bond No. R-1 of the issue and, in our opinion, it is in due form of law.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include [original issue discount,] original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel for purposes of rendering the foregoing opinions have been based on our review of such legal proceedings, documents, and certificates from the County as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds, and the tax-exempt status of the interest on the Bonds. We have not examined any documents or other information concerning the business or financial resources of the County, and we express no opinion herein as to the accuracy or completeness of any information with respect to the County that may have been relied upon by the owners of the Bonds in making their decision to purchase the Bonds.

Very truly yours,

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HOWELL LINKOUS & NETTLES, LLC

Bond Attorneys & Counsellors at Law

Post Office Box 1768
 Charleston, South Carolina 29402
 Telephone 843.266.3800
 Fax 843.266.3805

The Lining House
 106 Broad Street
 Charleston, South Carolina 29401

Concentrating in Municipal Bonds,
 Local Government Law, Economic
 Development Incentives,
 Affordable Housing Development

__ November 2017

Charleston County, South Carolina
 Charleston, South Carolina

Re: \$_____ Charleston County, South Carolina, General Obligation
 Refunding Bonds, Series 2017B

Ladies and Gentlemen:

As bond counsel to Charleston County, South Carolina (the “County”), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the County of its \$_____ General Obligation Refunding Bonds, Series 2017B (the “Bonds”), which are originally dated November __, 2017, are in fully-registered form, are in denominations of \$5,000, or any integral multiple thereof, and mature, in annual series or instalments, on November 1 in the years and amounts, and bear interest as follows:

<u>Due</u> <u>November 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Due</u> <u>November 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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The Bonds are subject to redemption prior to maturity upon the terms and conditions and at the prices set forth therein.

Interest on the Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2018. Principal of the Bonds is payable to the registered owners thereof, in legal tender at the corporate trust office of Wells Fargo Bank N.A. (the “Paying Agent”). Interest on the Bonds is payable by cheque or draught mailed to the registered owners by the Paying Agent.

The Bonds recite that they are issued by the County pursuant to and for the purposes authorised by the Refunding Act (Title 11, Chapter 15, Article 5 of the Code of Laws of South Carolina 1976, as amended), as amplified by Title 11, Chapter 21 of the Code of Laws of South Carolina 1976, as amended, both as amended and continued by Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended (collectively, the “Bond Act”), and an Ordinance duly enacted by the County Council of Charleston County, the governing body of the County (the “Ordinance”), to provide funds to refund certain outstanding general obligation bonds of the County (the “Refunded Bonds”) for debt service savings; and to pay costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the Transcript of Proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

We express no opinion herein as to the accuracy, completeness, or sufficiency of the Official Statement relating to the Bonds. We refer you to our letter of even date herewith with regard to certain matters regarding the Official Statement.

Based on our examination, including the assumptions and limitations set forth herein, we are of the opinion as of the date hereof and under existing law, as follows:

1. The proceedings are regular and in due form of law and the Bonds constitute valid and binding obligations of the County, secured by an irrevocable pledge of the full faith, credit, and taxing power of the County and are payable, both principal and interest, from a direct ad valorem tax upon all taxable property in the County, without limit as to rate or amount. Provision has been made for the levy and collection of the tax to meet the payment of principal and interest on the Bonds as the same respectively mature.

2. The Bonds and the interest thereon are exempt from all state, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, except inheritance, estate, or transfer taxes, and the interest thereon (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes). Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bonds. The opinion set forth in this paragraph is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bonds to be so included in gross income retroactively to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements.

We have examined executed Bond No. R-1 of the issue and, in our opinion, it is in due form of law.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include [original issue discount,] original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases.

In rendering the opinions set forth above, we are relying solely upon the opinion of Bingham Arbitrage Rebate Services, independent certified public accountants (the "Verification Agent"), that the cash and the principal of and interest on the Government Obligations (as defined in the Ordinance) held in trust by Wells Fargo Bank, as escrow agent (the "Escrow Agent") under the Escrow Deposit Agreement, dated as of November __, 2017 (the "Escrow Deposit Agreement"), between the County and the Escrow Agent, when received by the Escrow Agent, will provide moneys at the times and in the amounts required in order to pay the Refunded Bonds in accordance with the terms of the Escrow Deposit Agreement, and we express no opinion with respect thereto. We have further relied upon the opinion of the Verification Agent with respect to the calculation of the yield on the Bonds and the yield on the Government Obligations held in trust pursuant to the Escrow Deposit Agreement.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel for purposes of rendering the foregoing opinions have been based on our review of such legal proceedings, documents, and certificates from the County as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds, and the tax-exempt status of the interest on the Bonds. We have not examined any documents or other information concerning the business or financial resources of the County, and we express no opinion herein as to the accuracy or completeness of any information with respect to the County that may have been relied upon by the owners of the Bonds in making their decision to purchase the Bonds.

Very truly yours,

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HOWELL LINKOUS & NETTLES, LLC

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 106 Broad Street
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Concentrating in Municipal Bonds,
 Local Government Law, Economic
 Development Incentives,
 Affordable Housing Development

__ November 2017

Charleston County, South Carolina
 Charleston, South Carolina

Re: \$_____ Charleston County, South Carolina, General Obligation
 Transportation Sales Tax Refunding Bonds, Series 2017C

Ladies and Gentlemen:

As bond counsel to Charleston County, South Carolina (the "County"), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the County of its \$_____ General Obligation Transportation Sales Tax Refunding Bonds, Series 2017C (the "Bonds"), which are originally dated November __, 2017, are in fully-registered form, are in denominations of \$5,000, or any integral multiple thereof, and mature, in annual series or instalments, on November 1 in the years and amounts, and bear interest as follows:

Due	Principal	Interest	Due	Principal	Interest
<u>November 1</u>	<u>Amount</u>	<u>Rate</u>	<u>November 1</u>	<u>Amount</u>	<u>Rate</u>

The Bonds are subject to redemption prior to maturity upon the terms and conditions and at the prices set forth therein.

Interest on the Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2018. Principal of the Bonds is payable to the registered owners thereof, in legal tender

at the corporate trust office of Wells Fargo Bank N.A. (the "Paying Agent"). Interest on the Bonds is payable by cheque or draught mailed to the registered owners by the Paying Agent.

The Bonds recite that they are issued by the County pursuant to and for the purposes authorised by the Refunding Act (Title 11, Chapter 15, Article 5 of the Code of Laws of South Carolina 1976, as amended), as amplified by Title 11, Chapter 21 of the Code of Laws of South Carolina 1976, as amended, both as amended and continued by Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended (collectively, the "Bond Act"), the favourable results of referenda conducted in Charleston County, South Carolina, and an Ordinance duly enacted by the County Council of Charleston County, the governing body of the County (the "Ordinance"), to provide funds to refund certain outstanding general obligation bonds of the County (the "Refunded Bonds") for debt service savings; and to pay costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the Transcript of Proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

We express no opinion herein as to the accuracy, completeness, or sufficiency of the Official Statement relating to the Bonds. We refer you to our letter of even date herewith with regard to certain matters regarding the Official Statement.

Based on our examination, including the assumptions and limitations set forth herein, we are of the opinion as of the date hereof and under existing law, as follows:

1. The proceedings are regular and in due form of law and the Bonds constitute valid and binding obligations of the County, secured by an irrevocable pledge of the full faith, credit, and taxing power of the County and are payable, both principal and interest, from a direct ad valorem tax upon all taxable property in the County, without limit as to rate or amount. Provision has been made for the levy and collection of the tax to meet the payment of principal and interest on the Bonds as the same respectively mature in the event the net proceeds of the Revenues (as described below) prove insufficient therefor.

2. The Bonds are payable from and additionally secured by a pledge of the net proceeds of the Transportation Sales Tax (the "Transportation Sales Tax") authorised by the provisions of Title 4, Chapter 37 of the Code of Laws of South Carolina 1976, as amended. The Transportation Sales Tax has been validly imposed under the laws of the State of South Carolina.

3. The Bonds and the interest thereon are exempt from all state, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, except inheritance, estate, or transfer taxes, and the interest thereon (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax

purposes). Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bonds. The opinion set forth in this paragraph is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bonds to be so included in gross income retroactively to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements.

We have examined executed Bond No. R-1 of the issue and, in our opinion, it is in due form of law.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include [original issue discount,] original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases.

In rendering the opinions set forth above, we are relying solely upon the opinion of Bingham Arbitrage Rebate Services, independent certified public accountants (the "Verification Agent"), that the cash and the principal of and interest on the Government Obligations (as defined in the Ordinance) held in trust by Wells Fargo Bank, as escrow agent (the "Escrow Agent") under the Escrow Deposit Agreement, dated as of November __, 2017 (the "Escrow Deposit Agreement"), between the County and the Escrow Agent, when received by the Escrow Agent, will provide moneys at the times and in the amounts required in order to pay the Refunded Bonds in accordance with the terms of the Escrow Deposit Agreement, and we express no opinion with respect thereto. We have further relied upon the opinion of the Verification Agent with respect to the calculation of the yield on the Bonds and the yield on the Government Obligations held in trust pursuant to the Escrow Deposit Agreement.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel for purposes of rendering the foregoing opinions have been based on our review of such legal proceedings, documents, and certificates from the County as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds, and the tax-exempt status of the interest on the Bonds. We have not examined any documents or other information concerning the business or financial resources of the County, and we express no opinion herein as to the accuracy or completeness of any information with respect to the County that may have been relied upon by the owners of the Bonds in making their decision to purchase the Bonds.

Very truly yours,

APPENDIX D

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of _____, 2017, is executed and delivered by Charleston County, South Carolina (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual

Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Representative” means Digital Assurance Certification, L.L.C or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Appendix A.

“Trustee” means the institution, if any, identified as such in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than nine months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2017. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in

substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. “Principal and interest payment delinquencies;”
 - 2. “Non-Payment related defaults, if material;”
 - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
 - 4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
 - 5. “Substitution of credit or liquidity providers, or their failure to perform;”

6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
 7. “Modifications to rights of securities holders, if material;”
 8. “Bond calls, if material;”
 9. “Defeasances;”
 10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
 11. “Rating changes;”
 12. “Tender offers;”
 13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
 14. “Merger, consolidation, or acquisition of the obligated person, if material;” and
 15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in obligated person;”
 3. “notice to investors pursuant to bond documents;”
 4. “certain communications from the Internal Revenue Service;”

5. “secondary market purchases;”
 6. “bid for auction rate or other securities;”
 7. “capital or other financing plan;”
 8. “litigation/enforcement action;”
 9. “change of tender agent, remarketing agent, or other on-going party;”
 10. “derivative or other similar transaction;” and
 11. “other event-based disclosures;”
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. “quarterly/monthly financial information;”
 2. “change in fiscal year/timing of annual disclosure;”
 3. “change in accounting standard;”
 4. “interim/additional financial information/operating data;”
 5. “budget;”
 6. “investment/debt/financial policy;”
 7. “information provided to rating agency, credit/liquidity provider or other third party;”
 8. “consultant reports;” and
 9. “other financial/operating data.”
- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the headings:

- (i) Market Value/Assessment Summary of taxable property in the County.
- (ii) Tax levy for the County for current fiscal year.
- (iii) Tax collections for the County for preceding fiscal year.
- (iv) Ten largest taxpayers for the County for preceding fiscal year.
- (v) Debt service requirements for the next succeeding five years

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(c) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry

of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB

in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other

document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

CHARLESTON COUNTY, SOUTH CAROLINA,
as Issuer

By: _____
Name: _____
Title: _____

EXHIBIT A
NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer Charleston County, South Carolina
Obligated Person(s) Charleston County, South Carolina
Name of Bond Issue: Charleston County, South Carolina, General Obligation
[] Bonds, Series 2017_
Date of Issuance: _____, 2017
Date of Official Statement _____, 2017

CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
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CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: Charleston County, South Carolina

Obligated Person: Charleston County, South Carolina

Name(s) of Bond Issue(s): Charleston County, South Carolina, General Obligation
[] Bonds, Series 2017_

Date(s) of Issuance: _____, 2017

Date(s) of Disclosure Agreement: _____, 2017

CUSIP Number:

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____].

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Issuer

cc:

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Charleston County, South Carolina

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

_____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying “voluntary event disclosure” will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____, 2017 between the Issuer and DAC.

Issuer’s and/or Other Obligated Person’s Name:

Charleston County, South Carolina

Issuer’s Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: ____

____ Description of Voluntary Event Disclosure (Check One):

1. ____ “amendment to continuing disclosure undertaking;”
2. ____ “change in obligated person;”
3. ____ “notice to investors pursuant to bond documents;”
4. ____ “certain communications from the Internal Revenue Service;”
5. ____ “secondary market purchases;”
6. ____ “bid for auction rate or other securities;”
7. ____ “capital or other financing plan;”
8. ____ “litigation/enforcement action;”
9. ____ “change of tender agent, remarketing agent, or other on-going party;”
10. ____ “derivative or other similar transaction;” and
11. ____ “other event-based disclosures.”

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying “voluntary financial disclosure” will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____, 2017 between the Issuer and DAC.

Issuer’s and/or Other Obligated Person’s Name:

Charleston County, South Carolina

Issuer’s Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Financial Disclosure (Check One):

1. _____ “quarterly/monthly financial information;”
2. _____ “change in fiscal year/timing of annual disclosure;”
3. _____ “change in accounting standard;”
4. _____ “interim/additional financial information/operating data;”
5. _____ “budget;”
6. _____ “investment/debt/financial policy;”
7. _____ “information provided to rating agency, credit/liquidity provider or other third party;”
8. _____ “consultant reports;” and
9. _____ “other financial/operating data.”

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

APPENDIX E
DTC AND BOOK-ENTRY ONLY SYSTEM

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THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY (“DTC”) AND DTC’S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT CHARLESTON COUNTY, SOUTH CAROLINA (THE “COUNTY”) BELIEVES TO BE RELIABLE, BUT THE COUNTY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the General Obligation Bonds, Series 2017 (the “Bonds”) of the County. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each series of each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organised under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerised book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to any of the resolutions under which any Bonds is issued. For example, the Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption payments and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption payments and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to any Bonds at any time by giving reasonable notice to the County and the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

NEITHER THE COUNTY NOR THE PAYING AGENT IS RESPONSIBLE OR LIABLE FOR THE FAILURE OF ANY DIRECT PARTICIPANTS OR ANY INDIRECT PARTICIPANTS TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE BONDS OR ANY ERROR OR DELAY RELATING THERETO.

Neither the County nor the Paying Agent gives any assurances that DTC, DTC Participants, or Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal, premium, if any, and interest, with respect to the Bonds, (ii) confirmation of beneficial ownership interests in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants, or Indirect Participants will serve or act in the manner described in this Official Statement.

All capitalized terms not otherwise defined in this Appendix shall have the meaning ascribed to such term in this Official Statement.

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